UNIWHEELS
UNITED WHEELS GROUP

# Drive 360°


ANNUAL REPORT 2015

# Key investment highlights

1. One of Europe's **leading alloy wheel suppliers** with a long term track record of **successful customer relationships.**

2. Momentum in the automotive sector: **25% growth** in demand from OEMs for lightweight alloy wheels in Europe from 2014 to 2018. **Rising automobile production** and a higher share of lightweight alloy wheels could lead to capacity shortages in the near future.

3. Premium OEM focus allows access to the **global markets and emerging economies** – a balanced customer base and less exposure to fluctuations in the market.

4. Quality and technological leadership: Added-value for customers of high-end technology due to **lightweight sophisticated surface treatments** and highly efficient production processes.

5. **New plant in Poland** can accommodate 25% growth until 2017 with all the advantages of high-tech production and cost efficiencies.

6. **Tight control of costs** and **sound financial management:** EBITDA growth of 150% and net profit up threefold from 2012 to 2015.

7. **Shareholder orientation:** Dividend policy 50% of consolidated profit.

# Drive360°

**QUALITY, RELIABILITY AND PRECISION:** these values – coupled with our technological expertise – are key to finding perfect solutions for our customers in the field of alloy wheels. In our first annual report as a publicly listed company we look back on the most successful year in our corporate history – and provide a 360° view of our business and future prospects.



# Key financials

## SELECTED FINANCIALS

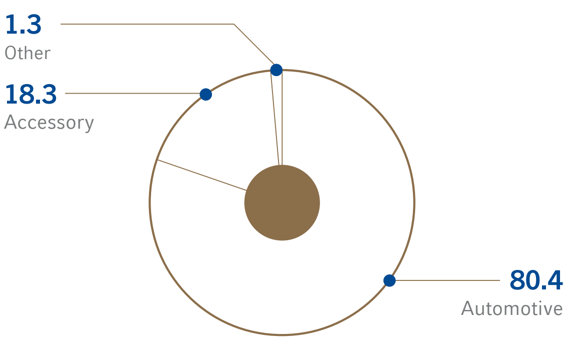
| | | 2015 | 2014 | Change |
|---|---|---|---|---|
| Unit sales of wheels | thousand units | 7,822 | 7,228 | 8.2% |
| Revenue | EUR k | 436,482 | 362,585 | 20.4% |
| EBITDA | EUR k | 58,674 | 45,874 | 27.9% |
| EBIT | EUR k | 43,917 | 31,686 | 38.6% |
| EBT | EUR k | 40,737 | 22,324 | 82.5% |
| Net profit for the year | EUR k | 40,686 | 22,770 | 78.7% |
| Interest expense | EUR k | 4,396 | 10,702 | –58.9% |
| Earnings per share (basic/diluted) | EUR per share | 3.52 | 2.28 | 54.4% |
| EBITDA margin | % | 13.4 | 12.7 | 0.7 PP |
| EBIT margin | % | 10.1 | 8.7 | 1.4 PP |
| EBT margin | % | 9.3 | 6.2 | 3.1 PP |
| Cash flow from operating activities | EUR k | 46,128 | 32,281 | 42.9% |
| Capital expenditures | EUR k | 42,280 | 14,759 | 186.5% |
| Equity ratio | % | 61.6 | 31.7 | 29.9 PP |
| Net debt | EUR k | 10,563 | 90,091 | –88.3% |
| Net debt/EBITDA | % | 0.2 | 2.0 | –1.8 PP |
| Return on capital employed | % | 20.4 | 20.8 | –0.3 PP |
| Average headcount | No. | 2,539 | 2,366 | 7.3% |

**>20%**
**SALES GROWTH:**
Rising unit sales and optimized product mix

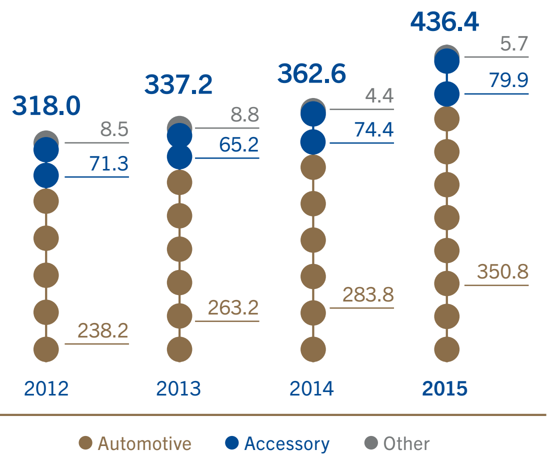
**>25%**
**EBITDA GROWTH:**
Higher sales and strict cost controls

**0.2x**
**NET DEBT/EBITDA:**
Extremely sound balance sheet and financial management

**REVENUE 2015 BY DIVISION** %




**REVENUE 2012 – 2015** EUR m



# How we Drive360°

## AUTOMOTIVE

UNIWHEELS
UNITED WHEELS GROUP

**One of the leading suppliers of alloy wheels to major international car manufacturers (OEM).**

- **All wheels** are produced with low-pressure die casting technology, test criteria according to OEM costumers standards are met without fail, thus positioning UNIWHEELS as a quality and innovation leader.
- **Strong and long-established relations** with OEMs such as Audi, BMW/MINI, Mercedes/AMG, Jaguar-Land Rover and Volvo.
- **Strong emphasis on premium segment:** Direct distribution via key account management to OEMs as a Tier-1 supplier, mainly in the premium segment.

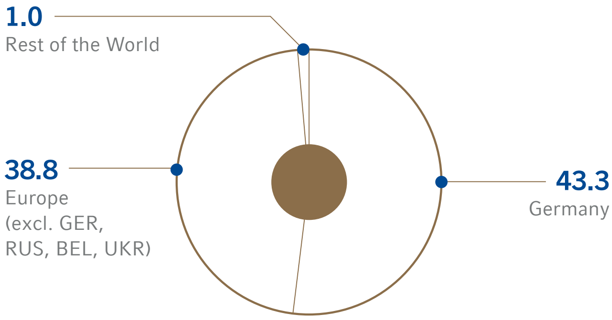
## ACCESSORY

ATS Leichtmetallräder · rial LEICHTMETALLFELGEN · ALUTEC Leichtmetallfelgen · ANZIO WHEELS

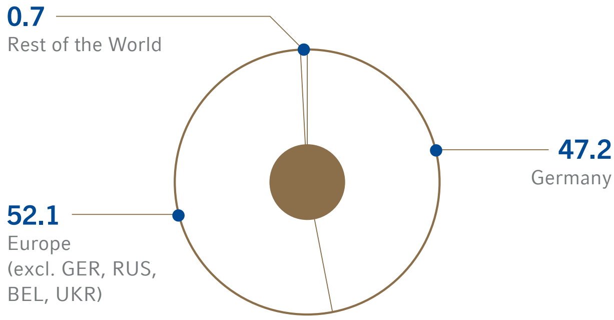
**The market-leading manufacturer of alloy wheels for the accessories market (AM) in Europe.**

- **Four established brands:** ATS, RIAL, ALUTEC and ANZIO, covering different customer groups from premium to economy ATS, RIAL ALUTEC and ANZIO are certified in accordance with ISO 9001 and TS 16949.
- **Distribution channel** via own trading companies to major tyre and wheel distributors, retailers as well as leading car dealers, and UNIWHEELS B2B Webshop.

### REVENUE 2014 BY REGION %




### REVENUE 2015 BY REGION %



# Letter from the Management Board

**Dear shareholders, customers and business partners,**

2015 was not only the most successful year in the history of UNIWHEELS AG, but also a significant milestone. The IPO in May, the largest in Poland over the last two years, was a tremendous success and lifted the company to the next level. — Business also developed to our complete satisfaction in 2015. Our already excellent positioning in the challenging market for light weighted alloy wheels continued to improve. Our strong relationships to customers in the automobile industry, with a focus on the premium division, were cultivated and extended further. In the Automotive division we generated record sales over the entire year. October 2015 was the strongest month in the history of UNIWHEELS, with more than 855,000 wheels sold. In spite of our capacity being generally utilised to the full, we were able to remedy bottlenecks in production by achieving efficiency gains and, in this way, raise the volume of wheels produced. In light of the above, we are very positive about Plant no. 4 soon coming on line, with commissioning of the plant lying absolutely within schedule. As a result, the annual capacity of UNIWHEELS will increase successively by up to 2 million units in a number of steps by the beginning of 2017, a rise of 25%. — Our success at selling wheels is also reflected in the excellent health of our key financials. In the reporting year, UNIWHEELS generated revenue of EUR 436.5 million, 20.4% more than in 2014. EBITDA increased to EUR 58.7 million (a rise of 27.9% on the prior year) and the EBITDA yield improved to 13.4% (2014: 12.7%). — Favoured by a beneficial product mix – with a greater share of larger wheels due to the trend towards SUVs and more wheels with more complex surfaces (e.g. Diamond Cut) and greater use of lightweight technologies (e.g. flow forming) for reputed premium models – both revenue and earnings rose significantly in the year. Solid financials, an equity ratio of over 60% and a very low level of net debt provide a solid foundation for further expansion and reaching the strategic objective of growing faster than the market. We assume that business will continue to develop well in fiscal 2016. We are expecting to see significant growth of a high single-digit percentage, both in the unit sales of the wheels sold by the group and in its consolidated revenue. And we target growth in consolidated EBITDA of a single-digit percentage. — These successes naturally have an effect on how we are perceived by the capital markets which we actively approach with a high degree of transparency. Between going public on 8 May and the end of 2015, the UNIWHEELS share rose by 20%, outstripping all German and Polish indicies. Market capitalisation came to EUR 368 million at the end of the year. — We would like to warmly thank our shareholders for the trust they have shown in our company. To allow you to participate in our success we will therefore propose a dividend of EUR 1.65 at our first annual general meeting to be held on 19 May 2016 in Frankfurt am Main. This corresponds to a distribution ratio of 50%, significantly above the average of the European automobile industry. — Our 2,500 employees in Germany and Poland made a huge contribution to the particularly successful year. We would like to take this opportunity to especially thank them for their efforts. Likewise, we would like to thank our customers and business partners for their trust and fruitful cooperation. We will continue to work hard on being a reliable and growing partner in future and look forward to further shared projects.

Yours sincerely,

T. Buchholz K. Obenaus

**Dr. Thomas Buchholz**
CEO

**Dr. Karsten Obenaus**
CFO

**DR. THOMAS BUCHHOLZ –**
CHIEF EXECUTIVE OFFICER (CEO)

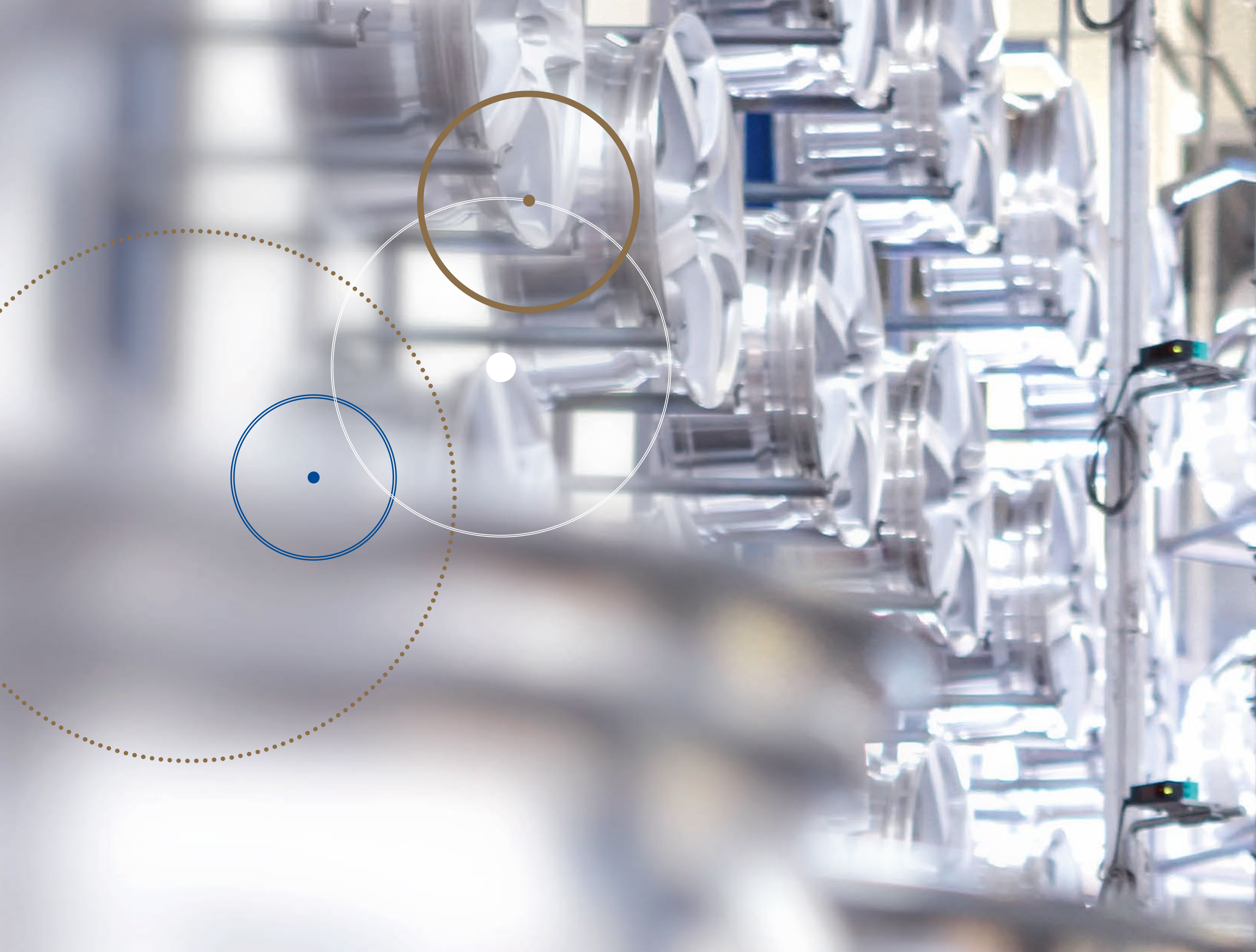
Dr. Thomas Buchholz, born in 1957, is the Chief Executive Officer of UNIWHEELS AG and has many years of international experience in leadership positions in the automobile industry. Immediately before taking over the management of the Automotive division at UNIWHEELS AG in August 2015 Dr. Buchholz held the position of Chairman of the Board of another large automotive supplier, SHW AG, in Aalen. Prior to that appointment, Dr. Buchholz was Chief Executive Officer at TI Automotive (Heidelberg) GmbH and before that held a number of different management positions in the MAHLE Group, including in Brazil, over a span of 17 years.

**Responsibilities:** sales & development, OEMs, operations, motorsport, human resources, corporate affairs, strategy & growth, development of the Accessory division, quality management

**DR. KARSTEN OBENAUS –**
CHIEF FINANCIAL OFFICER (CFO)

Dr. Karsten Obenaus, born in 1964, is the CFO of UNIWHEELS AG. He began his career in 1994, holding a number of positions in finance and accounting at Deutsche Industrie-Treuhand, Goedecke AG (Pfizer Group) und EMTEC (BASF Group). In 2003, Dr. Obenaus was assigned responsibility for the management accounting (controlling) function at ATS. Subsequent to the takeover of ATS by UNIWHEELS in 2008, Dr. Obenaus rounded off his financial background as the Head of Accounting, Head of Risk Management, Head of Controlling and CFO of the Polish operation. Within the course of reorganising the company as a German stock corporation, Dr. Karsten Obenaus was appointed CFO of UNIWHEELS AG in November 2014.

**Responsibilities:** finance & accounting, controlling, risk management, purchases, aluminium sourcing, IT, investor relations, legal affairs, compliance, marketing, sales of the Accessory division



THE COMPANY

# 360 °
# Competence

**UNIWHEELS** stands for top quality lightweight alloy wheels of all kinds. Our expertise extends over the entire value chain from the design and development of new wheel designs to state-of-the-art production methods through to the development of high-end wheels for motorsport and the premium brands of the international automobile industry.

## THE COMPANY



# On track for growth

Worldwide almost two million vehicles drive on new wheels from UNIWHEELS every year. And this number is growing from year to year. Thanks to its innovative production methods and high quality standards, UNIWHEELS has evolved to become one of the leading partners of the European automobile industry.

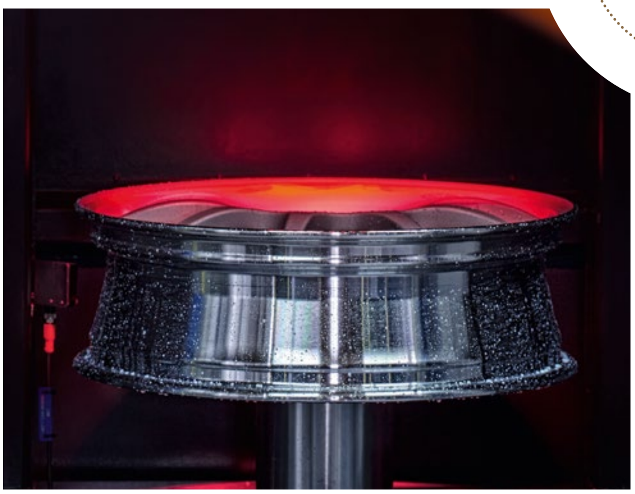
**7.8**
**MILLION WHEELS SOLD**

**436.5**
**EUR MILLION REVENUE**

**2,539**
**EMPLOYEES**

From conventional low-pressure die casting to lightweight technologies (such as flow forming) and special surface treatments (such as diamond cut) to high-end castings for motorsport – UNIWHEELS works on all variations of top quality light alloy wheels. The resulting synergies from the different fields allow us to produce top products that match all requirements and niche groups. This wide spectrum, built up over 40 years of experience, differentiates us from most of our competitors and is the key to our success. — Aluminium wheels have enjoyed a triumphant march through the automobile sector over recent decades on account of the design options and potential applications in the international automobile scene. Our success story is closely tied with this ongoing trend. Nowadays the UNIWHEELS Group is one of the leading producers of alloy wheels for cars in Europe. Worldwide it is one of a small number of technology leaders in the aluminium wheel sector. — We are the third-largest European supplier of wheels to international OEMs. In 2015 we delivered roughly 6.4 million wheels to OEM customers. We are also the leading manufacturer of alloy wheels for the aftermarket in Europe. We supplied roughly 1.4 million wheels to aftermarket customers under our established brands, ATS, RIAL, ALUTEC and ANZIO. Approximately **2,500 EMPLOYEES** are spread amongst our three production locations in Stalowa Wola, Poland, Werdohl and Fußgönheim, Germany, as well as at the headquarters in Bad Dürkheim, each contributing to the success of our company and making each wheel that little bit better.

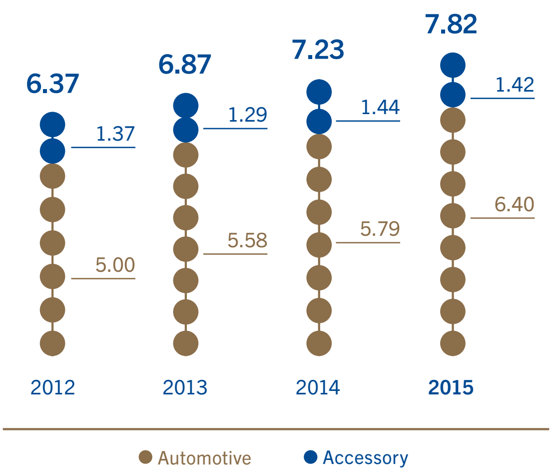
The figures speak for themselves: **7.8 MILLION WHEELS PRODUCED**, **REVENUE OF EUR 436.5 MILLION**, EBITDA of EUR 58.7 million and a net profit of EUR 40.7 million in 2015 as well as unwavering strong demand for our products and millions of satisfied drivers the world over vouch for the excellence delivered by each of our employees and this will power us in future. — Together with our customers in the automobile industry we intend to continue on this course and be a leading partner they can rely on. Not least because weight-savings are the best way to reduce $CO_2$ emissions.



**PLANT NO. 4 – A NEW FACTORY:**
25% INCREASE IN PRODUCTION CAPACITY

In order to meet the unbroken demand for our products we are expanding our manufacturing location in Stalowa Wola in Poland in 2016 with the construction of Plant No. 4. Using the latest production technology, we will increase our capacity in 2017 by another 2 million wheels to bring the total to approximately 10 million wheels per annum. The high order backlog already ensures that the capacity of the plant will be well utilized from the very beginning. Producing over 8 million wheels per year, the UNIWHEELS location in Stalowa Wola is the largest of its kind worldwide.

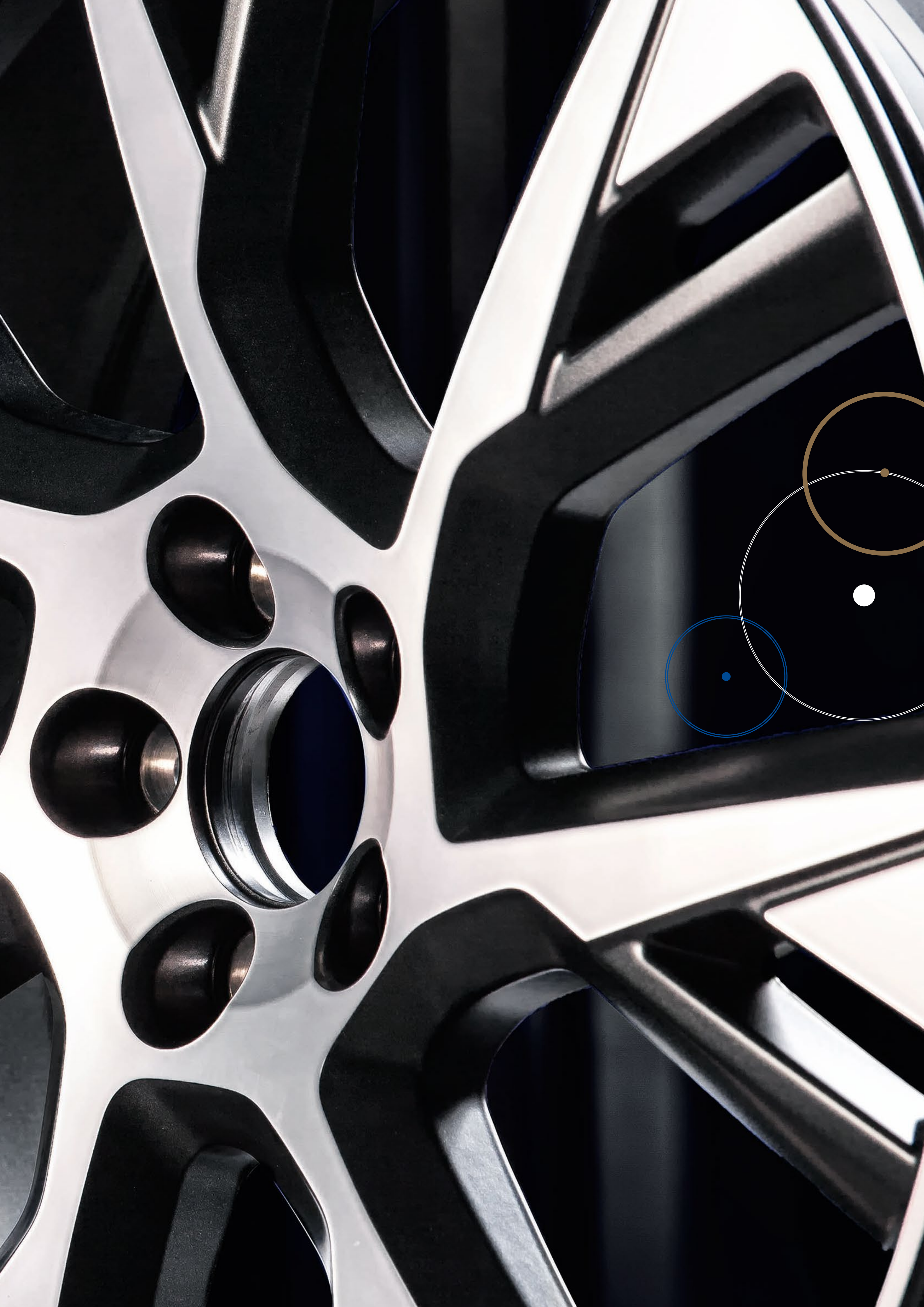
**SALES TREND 2012 – 2015** million units



AUTOMOTIVE

# The best for the best

PREMIUM CUSTOMERS have a very good reason to rely on UNIWHEELS, for we make no compromises when it comes to quality and the longevity of our products. This has made us a reliable partner of the global automobile industry for a number of decades.



## AUTOMOTIVE

# Premium is the new standard

Hardly any other industry places such high standards on its suppliers like the automobile industry. In particular, the long-standing and trusting relationships built up with international manufacturers of premium car brands are a reward in themselves and motivate us to continue on our course of strong growth and build on our position on the market.

### FROM TWO LOCATIONS TO THE WHOLE WORLD

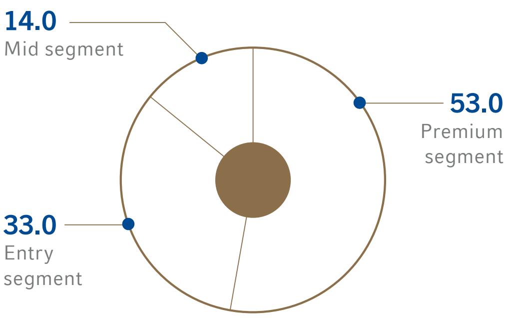
Our alignment towards OEMs has provided us with access to global markets and emerging markets as well as a balanced customer base. This reduces our exposure to market fluctuations. Rising demand for premium products in emerging economies supplements the stable market in Europe.

In 2015 we generated 80% of our annual revenue from deliveries to OEMs. Driven by the economic development in various markets, we are enjoying rising demand for our products, particularly in the premium segment.

The stable markets in Europe support this trend. In addition, the share of alloy wheels used by OEMs has been rising continuously over a number of years. Most carmakers offer a wide variety of alloy wheels when customers configure their new cars. Alloy wheels are rapidly evolving from being a nice accessory to a standard component in the design of a new car.

The production of alloy wheels for the automobile industry is based principally on low-pressure die casting. Naturally, we meet all test specifications and standards set by the automobile industry and cooperate with a number of different manufacturers on taking these standards to the next level as well as developing new prototypes and production methods. As the market leader in terms of quality and innovation, we are a top tier supplier of European automobile manufacturers with a strong focus on the premium segment. This focus on premium manufacturers has resulted in the high share of exports as these premium cars are exported to global markets. This allows us to ride more smoothly when the conditions on local markets become rough. Our long-standing and trusting relationships to customers extend across the entire industry. For more information, see the table on page 11.

**AUTOMOTIVE SALES BY CUSTOMER CATEGORY** %



## LONG-STANDING AND DIVERSIFIED CUSTOMER BASE

in years

| | | |
|---|---|---|
| | Audi | 20 |
| BMW-Group | BMW | 13 |
| BMW-Group | Mini | 5 |
| | Ford | 34 |
| | Honda | 7 |
| JLR-Group | Jaguar | 15 |
| JLR-Group | Land Rover | 10 |
| Mercedes-Group | Mercedes | 35 |
| Mercedes-Group | AMG | 30 |
| | Mitsubishi | 10 |
| | Nissan | 4 |
| | Opel | 30 |
| | Porsche | 44 |
| | PSA | 14 |
| | Smart | 12 |
| | Suzuki | 1 |
| | Volvo | 38 |
| VW-Group | VW | 23 |
| VW-Group | Bentley | 13 |
| VW-Group | Seat | 12 |
| VW-Group | Skoda | 13 |

ACCESSORY

# Quality can only be replaced by quality

**IN THE ACCESSORY MARKET** quality also takes first place at UNIWHEELS. With four well-known brands, UNIWHEELS is the market leader of the European aftermarket.


ATS
Leichtmetallräder

ACCESSORY

# From premium to economy

The UNIWHEELS Group's wide product portfolio of brands covering over 50 ambitious designs is an attractive offer that covers all segments of the European accessory market.

**HIGH TECH**
FOR THE STREETS

Be it the sensitive development of prototypes for the automobile industry, high performance forged wheels for the luxury class or wheels for motorsport categories like Formula 3: from our ATS forged wheel and motorsport production facility in Fußgönheim, Germany, we deliver high tech to the streets. Maximum weight reduction coupled with excellent performance results have made ATS one of the top names in the field.

Also in the aftermarket, customers of the UNIWHEELS Group benefit from the high quality standards expected of a supplier to the automotive industry. Specially developed and UV resistant coatings allow up to 5-year-guarantees* on many varnishes. Moreover, a modern logistics center and the B2B webshop offers customers short delivery times and the best service possible.

* in accordance with the general terms of sale, delivery and payment of UNIWHEELS Leichtmetallräder (Germany) GmbH.

**ATS** is the premium brand of the UNIWHEELS Group – for generations one of the leading premium brands of lightweight alloy wheels for cars and SUVs in Europe. The brand established its brand awareness through its past activities in Formula 1 in the 70s and 80s and still today can chalk up numerous successes in formula racing and touring car motorsports as both a supplier and sponsor. ATS has taken a leading role in the accessory market for over 40 years with sophisticated design and impressive technical advantages. ATS combines delicate visuals with a high level of stability. In addition to a wide product portfolio for many applications in the Economy segment, numerous forged and flow-formed wheels round off the product portfolio.

The **RIAL** brand looks back on a tradition of over 30 years and is one of the pioneers in the wheel rim industry. Thanks to the focus and specialization in the accessory market, it has been able to continuously consolidate its market position over the past years. As one of the leading brands on Europe's most important markets, RIAL offers its customers a wide range of modern designs with top service and an extended guarantee*. These are the success factors needed to supply the accessory departments of wholesalers and major international tire and wheel distributors worldwide.

The **ALUTEC** success story began in 1996, the year it was established. Right from the start, the trendy and innovative brand developed at a rapid speed. Today, ALUTEC is one of the most successful brands for alloy wheel rims, both in Germany and internationally. — ALUTEC is a modern brand with a passion for exciting cars and a special feel for style and elegance. Furthermore, the experienced ALUTEC designers recognise the latest trends and transform them immediately into cutting-edge rim designs.

**ANZIO** is the UNIWHEELS Group's new brand for price-conscious drivers who don't want to compromise on quality and modern design. With the ANZIO brand, UNIWHEELS guarantees high brand quality in current designs, combined with high quality varnishes at a convincing price. The strategic focus of the brand is on distributing its products via international wholesalers.

PRODUCTION

# High tech meets high gloss

**PRODUCTION** – the heart of our company. The different processes leading up to the finished wheel complement each other almost fully automatically without losing sight of the crucial details. A look behind the scenes.

## PRODUCTION

# Where one wheel moves another

Production of our alloy wheels involves an exactly orchestrated sequence of processes. From casting through to coating and finishing, we strive to perfect each wheel we cast at every stage of the production.

**Aluminium** Quality begins with the selection of the correct raw materials. For the production of our wheels, we only take the best alloys from top producers into consideration. We source our primary alloys exclusively from suppliers such as Alcoa, EGA, Glencore, Hydro and Rusal. Prior to processing, each batch of aluminium is subject to spectral analysis and the results are recorded in the electronic data system to ensure it can be tracked at all times. Approximately 88,000 tons of material were processed into top quality alloy wheels in 2015.

**RISING VALUE ADDED**
PER WHEEL

In addition to the number of wheels sold, there are three key factors that provide for rising value added.

**1. Wheel size** Currently, roughly 75% of all UNIWHEELS wheels delivered to OEMs have a diameter of between 17″ and 20″. The trend towards larger wheels, even up to 23″, is unabated and is leading to higher value added per wheel.

**2. Complex surface treatments** Rising expectations in terms of design and quality and the trend towards customizing cars is forcing a trend towards more complex surface treatments of alloy wheels, such as high gloss, diamond cut or corrosion protection.

**3. Lightweight-technology** Regulatory requirements to reduce the carbon footprint by reducing $CO_2$ emission have put weight-savings in the spotlight. To address this need, we offer innovations in lightweight construction technologies such as flow forming or undercutting.

## CASTING

All of our wheels are produced using low-pressure die-casting. After casting, all products undergo a fully automated x-ray inspection before moving on to finishing. For additional tempering, we rely on fully automated annealing machines.

## MACHINING

All machining is performed on a line of state-of the-art processing centres. Constant manual and fully automated controls are conducted to check the radial and axial dimensions of the wheels as well as their balance and density. Immediately after balancing, the wheels run through an automated degreasing process to prepare them for subsequent coating processes.

## COATING AND VARNISHING

In the painting shop, all UNIWHEELS wheels are treated using a sophisticated environmentally friendly process. The wheels are coated in a fully-automated painting facility. Once coated, each wheel is finished with a complex final transparent varnish.

## PACKAGING AND DISPATCH

In the last phase, all wheels are packed either on EUR pallets or in boxes. Our central hub in Europe ensures delivery throughout Europe within 24 to 72 hours of placing the order.

TECHNOLOGICAL HIGHLIGHTS

# Reinventing the wheel – every day

**INNOVATION** is a core component of our work as research and development ensure our viability in future and the long-term success of the UNIWHEELS Group.

## TECHNOLOGICAL HIGHLIGHTS

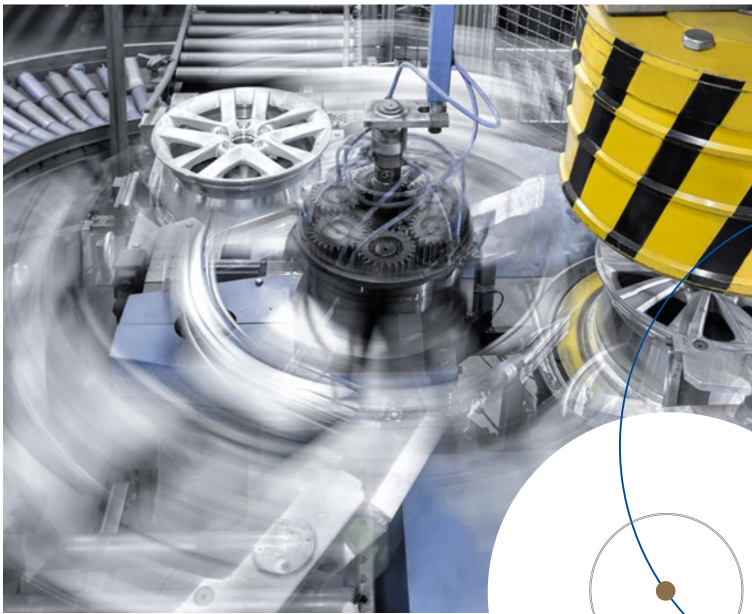
# Innovative for the full distance

The aluminium wheel has being steadily winning over the entire automobile industry since the end of the 20th century. Our development department has played a crucial role in this trend, working constantly on new production methods, surface treatments and inspection methods to make each and every wheel that little bit better.

A number of development teams divided among all of our locations work on refining and perfecting our production and test methods both technically and qualitatively. The automobile industry is putting increasing focus on lightweight construction to reduce weight and carbon emissions. As a result, there is increasing demand for production methods such as flow-forming. We already test all wheel designs using our stress simulation (FEM calculation) developed by our development and design department to ensure maximum lifespan for the lowest possible weight. In addition, we also fall back on our internally developed methods and technologies to further refine our products. — Research into new materials and the development of new production methods were always of great strategic significance to our group of companies. We have a proven track record when it comes to the introduction of low-pressure die casting for aluminium wheels, casting high-performance wheels for motorsport, such as formula 3, or developing prototypes for premium brands of the automobile industry and can showcase our innovative strengths over a number of decades.

**Flow Forming Technology** Reduced weight per wheel without making any concessions in terms of stability – flow forming technology makes this possible. In this process, the rim of the cast wheel is rolled out and compressed into shape. This not only saves raw material but also provides extreme stability even to thin wheel walls – a decisive advantage in terms of unsprung mass. Moreover, lower vehicle weight reduces $CO_2$ emissions. This provides genuine benefits for drivers and the environment.

**Diamond Cut** High sheen and front-polished – these words are becoming regular terms in wheel catalogues and configurators for all car brands. They describe a new trend in this industry as well as a high-quality production process – Diamond Cut. In the Diamond Cut process, parts of the varnished wheels are treated in an elaborate process with a diamond tool. The subsequent varnishing produces the popular visual effect, which is enjoying growing popularity not least due to its great number of design alternatives. State-of-the-art production plants enable UNIWHEELS to meet all customer needs for this product.



**Forged Wheel Technology** Forging technology allows the production of alloy wheels of particular strength. This elaborate production method creates light alloys of a higher density and strength than with conventional casting technology. Simultaneously, the material can be thinner than with cast and flow forming wheels. The reduced material thickness makes these well-finished forged alloy wheels significantly lighter and finer. The resulting reduction in unsprung mass significantly improves driving dynamics. The ATS forging plant in Fußgönheim produces extremely light and high-strength motor sport and tuning wheels as well as premium wheels for manufacturers of top-of-the-range automobiles.

## TESTED QUALITY

In order to ensure top quality for all of our products for the long-term, extensive testing is an integral component of our standard production method. The fully automated x-ray test checks each and every wheel immediately after it is cast. Together with the helium leak test, the radial/axial test, the precise measurement of dimensions and the final inspection, production errors can be reduced to a bare minimum.

In parallel, we perform numerous long-term experiments and other test procedures at our laboratories. Such testing is also used by leading experts.

In the CASS test, the varnishing is checked in brine to determine its resistance to environmental influences. Thanks to the knowledge gained, we manage to continuously improve our coating processes and we are the only manufacturer guaranteeing coating for up to five years for many models. The fatigue test exposes a test wheel to over 250,000 load changes. Additionally the Zwarp test can simulate a drive through all of Europe. Here the load on the wheel changes constantly.

# Report of the Supervisory Board

of UNIWHEELS AG

In fiscal year 2015, the Supervisory Board performed the duties required of it by the law, the articles of association and its code of procedure with the greatest diligence. In the course of its activities, it focused on the position of the company, advised the Management Board at regular intervals and monitored its activities. —— As required, the Management Board regularly, promptly and comprehensively informed the Supervisory Board in both writing and in talks about all relevant issues related to strategy, planning, business development, opportunities and risks as well as risk management and compliance. It involved the Supervisory Board in all decisions of material significance. In addition, there was comprehensive reporting at the regular meetings of the Supervisory Board at which the course of business, the planning and the corporate strategy were discussed with the Management Board. Outside the regular meetings of the Board and its committees, the members of the Supervisory Board remained in contact with the Management Board, in particular the respective chairmen of the two boards. In this way, the Supervisory Board was promptly informed of the latest business developments and key transactions. —— In those cases where the approval of the Supervisory Board or one of its committees was required by the law, the articles of association or the code of procedure, a corresponding resolution was passed. Where required, explanations were obtained from the Management Board in written form, in addition to their verbal commentary, on all measures requiring board approval to ensure that all the information required by the Supervisory Board to make a decision was provided.

## MEETINGS OF THE SUPERVISORY BOARD

There were four ordinary meetings of the Supervisory Board in 2015: on 16 March, 15 June, 21 September and on 17 December as well as six extraordinary meetings of the full board, held via conference call on 4 May, 15 July, 23 July, 22 October, 9 November and on 23 November. All of the members of the Supervisory Board attended the above meetings. The Supervisory Board passed resolutions by circulation in five cases. —— At the meetings in 2015, the Management Board informed the Supervisory Board in verbal form and in writing on all key issues related to business development, corporate strategy, risks, risk management and the financing structure of UNIWHEELS AG and the UNIWHEELS Group. It explained the latest sales and earnings trends of the UNIWHEELS Group in both Germany and abroad and detailed the development in the various business lines taking account of the respective competitive situation. Key issues that the Supervisory Board addressed included:

- monitoring and advising the Management Board on business issues and management reporting on business development;

- corporate governance and the declaration of conformity;
- the audit of the separate financial statements and consolidated financial statements;
- the six-month report;
- changes in the composition of the Management Board;
- capital expenditures;
- preparations for the IPO;
- implementation of the growth strategy;
- other management issues (operations, sales, marketing, etc.);
- capital market requirements;
- approval of the budget for fiscal years 2016 – 2019 and
- engagement of the auditor of the separate financial statements and consolidated financial statements.

The Supervisory Board was not aware of any conflicts of interest for any members of the Management Board or the Supervisory Board when addressing these topics.

## WORK OF THE COMMITTEES

The Supervisory Board convened three committees during the 2015 reporting period to perform its duties efficiently. The Supervisory Board was regularly and comprehensively informed of the work of the committees at meetings of the full board.

- During the reporting period, the AUDIT COMMITTEE dedicated itself to the task of preparing the annual general meeting in 2016, reporting on the quarterly results and the issues of compliance and risk management. The audit committee convened a total of four times in the reporting year.
- The NOMINATION, STAFF AND PRODUCTIVITY COMMITTEE did not convene in the reporting period.
- The INVESTMENT COMMITTEE met once in the reporting period.

## AUDIT OF THE SEPARATE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

The audit firm, Ebner Stolz GmbH & Co. KG, was engaged to audit the separate financial statements and the consolidated financial statements for fiscal year 2015. The auditor consequently audited the financial statements and management report of UNIWHEELS AG pursuant to German GAAP (HGB: German Commercial Code) as well as the consolidated financial statements and group management report for the year ending 31 December 2015 and rendered an unqualified audit opinion on both sets of financial statements. —— The financial statements and the audit reports were provided to all members of the Supervisory Board in good time and were discussed in depth in the presence of the auditor at the closing meeting on 22 March 2016. The auditor reported on the scope of the audit, its focus and the significant findings. In addition, all members of the Supervisory Board intensively discussed the financial reporting with the Management Board. After considering the findings in the audit reports and the verbal explanations provided by the auditor, the Board discussed and reviewed the financial statements and management report of UNIWHEELS AG, the consolidated financial statements and group management report as well as the proposal for the appropriation of the distributable profit of UNIWHEELS AG. It was satisfied that the financial reporting complies with requirements. Based on its own review, the Supervisory Board did not raise any objections to the financial statements and management report of UNIWHEELS AG and the consolidated financial statements and group management report. —— The Supervisory Board was not aware of any circumstances that indicated that the external auditor was not independent. The auditor confirmed its independence to the AUDIT COMMITTEE. —— The Supervisory Board acknowledged the findings of the external audit and approved the financial statements of UNIWHEELS AG and the consolidated financial statements prepared by the Management Board for the year ending 31 December 2015. The annual financial statements are therewith ratified. —— The Supervisory Board reviewed the proposal of the Management Board regarding the appropriation of the distributable profits namely, to issue a dividend of EUR 1.65 per share. In view of the liquidity of the company, the Supervisory Board supports the proposal. —— The report submitted by the Management Board on affiliated companies for the period from 1 January 2015 to 31 December 2015, which concludes with the declaration of the Management Board (dependent company report) pursuant to Sec. 312 (3) AktG (German Stock Corporation Act) was also audited by the external auditor, which issued the following opinion thereon: "Based on our audit, which was carried out according to professional standards, we confirm firstly, that the actual disclosures in the report are accurate, and that secondly, the consideration paid by the Company in the transactions listed in the report were not inappropriately high." The Supervisory Board approved the dependent company report and the associated audit report and approved them in accordance with Sec. 314 AktG.

## CORPORATE GOVERNANCE AND DECLARATION OF CONFORMITY

The Management Board and Supervisory Board issued their joint declaration of conformity pursuant to Sec. 161 AktG in February 2016. This declaration was made public at:
http://www.uniwheels.com/uwag/en/home/the-company/corporate-governance/declaration-of-conformity/
for the long-term.
UNIWHEELS AG generally complies with the recommendations of the German Corporate Governance Code. —— Moreover, on account of its listing on the Warsaw stock exchange, the Management Board has issued its report on the "Code of Best Practices of WSE Listed Companies" and on the "Best Practice of GPW Listed Companies 2016" for the Warsaw stock exchange. These are also available to the public at:
http://www.uniwheels.com/uwag/en/home/the-company/corporate-governance/declaration-of-conformity/

## MEMBERS OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The Supervisory Board was constituted anew in 2014 within the framework of the resolution passed to change the legal form of the company to that of a stock corporation under German law (AG). During the reporting period, the Supervisory Board comprised the following members: Mrs. Beata Olejnik, Dr. Wolfgang Baur and Mr. Michael Schmid. On 21 January 2016, Mr. Ralf Schmid joined the Supervisory Board and replaced Mrs. Olejnik as the chairperson of the board. —— Effective 10 August 2015, the Management Board was expanded in the reporting period to three members by the appointment of Dr. Thomas Buchholz as the deputy chairman. Upon the departure of Mr. Ralf Schmid from the Management Board, Dr. Thomas Buchholz took over as the Chairman of the Management Board of UNIWHEELS AG effective 21 January 2016. —— The Supervisory Board would like to take this opportunity to thank the Management Board and all employees for their hard work and commitment to the company over the last year.

Bad Dürkheim, March 2016

**Ralf Schmid**
Chairman of the Supervisory Board

# Corporate Governance Report

## STATEMENT ON CORPORATE GOVERNANCE PURSUANT TO SEC. 289A HGB

For the Management Board and the Supervisory Board of UNIWHEELS AG, corporate governance is the responsible and transparent management and control of the company that aims at long-term success. The Management Board and the Supervisory Board of UNIWHEELS AG place the greatest importance on good corporate governance taking into account the recommendations of the German Corporate Governance Code. This is to promote the trust of national and international investors, customers and the general public in the management and supervision of UNIWHEELS AG.

### Working methods of the Management Board and Supervisory Board

**Cooperation between Management Board and Supervisory Board** As a stock corporation, UNIWHEELS AG headquartered in Bad Dürkheim is particularly subject to the provisions of the German Stock Corporation Act (AktG) on which also the German Corporate Governance Code is based. One basic principle of German stock corporation law is the dual board system consisting of the Management Board and the Supervisory Board each provided with independent competencies. Good corporate governance requires the continuing development of this dual board system considering all business units. — The point of departure is the independent **MANAGEMENT OF THE COMPANY BY THE MANAGEMENT BOARD** which is controlled and advised by the Supervisory Board. The Management Board and Supervisory Board cooperate closely to the benefit of the enterprise. The Management Board develops the enterprise's strategy, coordinates it with the Supervisory Board and ensures its implementation. The Management Board informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the company with regard to strategy, planning, business development, risk situation, risk management and compliance.

**EXECUTIVE MANAGEMENT** performed by CEO and CFO

**Working methods of the Management Board** The Management Board of UNIWHEELS AG manages the company independently in accordance with German stock corporation law and a code of management procedure. — The Management Board of UNIWHEELS AG consists of two members: Dr. Thomas Buchholz (CEO and Chairman of the Management Board) and Dr. Karsten Obenaus (CFO). The Management Board members have clearly defined and delimited spheres of responsibilities. Each member of the Management Board manages the business unit assigned to him at his own responsibility always keeping in mind the good of the company. Nevertheless, both members of the Management Board are jointly accountable for the management of the company and its subsidiaries with the goal of sustainable value creation and in the interest of the company. Particularly important business transactions and other measures require the approval of the Supervisory Board. Meetings of the Management Board take place as needed, but at least every two weeks. —— The Management Board reports to the Supervisory Board on a regular basis, at least every three months, on the course of the company's businesses.

**CONTINUOUS DIALOG** between the Management Board and the Supervisory Board

**Working methods of the Supervisory Board** The Supervisory Board advises and controls the Management Board regularly regarding the management of the company and is involved in any matters of material importance. The continuous dialogue based on mutual trust between the Management Board and the Supervisory Board is an important foundation of the company's success. —— The Supervisory Board of UNIWHEELS AG consists of three members: Ralf Schmid, Dr. Wolfgang Baur and Michael Schmid. The Supervisory Board of UNIWHEELS AG has an appropriate number of independent members. —— The Supervisory Board has issued a code of procedure. This sets out the tasks, duties and internal organisation of the Supervisory Board and its committees and contains provisions on the duty of confidentiality, on how to deal with interest conflicts and on the reporting obligations of the Management Board.

**Committees of the Supervisory Board** The Supervisory Board of UNIWHEELS AG formed three professionally qualified committees which prepare and complement its work. Each committee has two members.

- The audit committee deals with accounting issues, the interpretation of the financial statements, the monitoring and effectiveness of the internal risk management, financial audits as well as compliance. Moreover, the Audit Committee discusses the audit reports with the auditor and its findings and makes recommendations to the Supervisory Board in this regard. The Audit Committee meets on a regular basis.
- The investment committee is concerned with monitoring issues, the preparation of decisions and advising on investments of the company.
- The nomination, staff and productivity committee prepares decisions and advises on personnel decisions of the Supervisory Board, including long-term succession planning for the Management Board, prepares proposals to the annual general meeting for the election of suitable candidates to the Supervisory Board and monitors, prepares decisions and advises on the company's productivity.

The Investment Committee and the Nomination, Staff and Productivity Committee meet as required. In the reporting period, there was one meeting of the Investment Committee and none of the Nomination, Staff and Productivity Committee.

**Dependence report presented** The majority of the shares in UNIWHEELS AG are held by UNIWHEELS (Holding) Malta Ltd. Therefore, the Management Board properly reported to the Supervisory Board on relationships to affiliated companies pursuant to Sec. 312 AktG. The Dependent Company Report closes with the following finding: "UNIWHEELS AG received for every legal transaction with affiliated companies mentioned in this Report an adequate compensation. Other actions according to Sec. 312 AktG were not taken. This assessment is based on the circumstances we were aware of at the time of the legal transactions."

## Other disclosures on corporate governance

**Shareholders and the annual general meeting** The annual shareholder meeting of UNIWHEELS AG takes place within eight months of the end of each fiscal year. At the annual general meeting, the shareholders can exercise their rights, in particular their right to information, and their votes. Each ordinary share grants one vote. — In order to facilitate the exercise of the shareholders' rights and for preparation purposes for the annual general meeting the invitation, agenda, reports, documents and other information regarding the annual general meeting are made available on the website of UNIWHEELS AG (www.uniwheels.com).

**Transparency through communication** UNIWHEELS AG pursues open and prompt information policies concerning the situation and material changes of the company towards shareholders, investors, financial analysts, the media and interested members of the public. UNIWHEELS AG uses almost every communication channel available. In particular, the website www.uniwheels.com provides a wealth of information about the company, the past business development and future prospects. Important events of the company are published in a financial calendar on the website. Any economic publications and press releases, investor relations news and financial reports are accessible on the internet in German and English, most of them also in Polish. After registration, representatives of the press and the capital markets also have the opportunity of receiving news about the company in electronic form. — In addition, the investor relations team maintains a regular dialogue with participants of the capital market. In the course of the quarterly and annual reporting, investors and analysts are informed about the business development during a number of conference calls. — UNIWHEELS AG maintains the obligatory register of insiders pursuant to Sec. 15b WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] and informed the respective persons, for whom access to insider information is essential, about their legal duties and the sanctions in the case of non-compliance. If there are director's dealings to inform about, they are published on the website and in the commercial register.

**Financial reporting and audit of the annual financial statements** The main sources of information for shareholders and third parties are the consolidated financial statements and the group management report. During the fiscal year, the shareholders also receive information via the six-monthly and quarterly financial reports. The consolidated financial statements of the UNIWHEELS Group are prepared in accordance with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union. In addition, the provisions of German commercial law applicable pursuant to Sec. 315a (1) HGB are observed. After the preparation by the Management Board, the Supervisory Board reviews the annual and consolidated financial statements together with the group management report and ratifies the annual financial statements. — In accordance with the Code, the auditor agrees for each reporting period to inform the chairman of the Supervisory Board or, respectively, the Audit Committee immediately of any grounds for disqualification or partiality occurring during the audit, unless such grounds are eliminated immediately. This agreement also requires the auditor to report without delay on all facts and events of importance for the tasks of the Supervisory Board which arise during the performance of the audit and that the auditor informs it and/or notes it in the auditor's report if, during the performance of the audit, the auditor comes across facts which reveal a misstatement on the Declaration of Conformity by the Management Board and Supervisory Board pursuant to Sec. 161 AktG.

**Compliance** According to the Management Board and Supervisory Board of UNIWHEELS AG, compliance is to sustainably implement a pattern of behavior compliant with rules and regulations throughout the company. Compliance with the law, internal rules and regulations as well as social standards is part of the corporate culture of the UNIWHEELS Group. Compliance issues are regularly discussed between the Supervisory Board or the Chairman of the Supervisory Board, as the case may be, and the Management Board. —— The compliance department reports directly to the Management Board. The Compliance Officer has developed the compliance program and reviews it constantly. It should ensure that compliance is actively implemented and that its spirit permeates the entire UNIWHEELS Group. Compliance should prevent the employees in Germany and abroad from infringements of the law and enable them to implement the company's own rules and regulations. —— The Code of Conduct of the UNIWHEELS Group issued in April 2015 is a binding framework for the actions of all employees of the group to ensure legally compliant and socio-ethical behavior. The Code of Conduct is supplemented by internal safeguards against corruption and also antitrust law. Information and training measures, a whistle-blower system to report criminal offenses or violations of antitrust law, as well as regular compliance reporting complete the compliance system of the UNIWHEELS Group.

## DECLARATION OF CONFORMITY PURSUANT TO SEC. 161 AKTG

The Management Board and the Supervisory Board of UNIWHEELS AG declare that since going public on 8 May 2015, the recommendations of the "Government Commission for the German Corporate Governance Code" (herein after referred to as the "Code") published in the official section of the Bundesanzeiger (Federal Gazette) by the Federal Ministry of Justice on 5 May 2015 have been and will be complied with, apart from the following exceptions:

**POINT 3.8** pursuant to which a deductible for the D&O coverage should be agreed on for the members of the Supervisory Board. The company is of the opinion that no such deductible is required to increase the performance and the sense of responsibility of the members of the Supervisory Board. Moreover, it reduces the attractiveness of the activities of the Supervisory Board and thus the opportunities of the company to win qualified members for the Supervisory Board.

**POINTS 4.1.5, 5.1.2, 5.4.1** pursuant to which the Management Board and the Supervisory Board should take diversity into consideration and, in particular, aim for an appropriate consideration of women, when filling managerial positions in the enterprise. —— The Supervisory Board of UNIWHEELS AG has not set objectives for its composition in accordance with the Code, but defined targets for its composition within the time limits pursuant to the provisions of the law on the equal participation of women and men in managerial positions in the private and public sector. —— As UNIWHEELS AG is not a company that has parity of co-determination, the Supervisory Board is not required to consist of at least 30% of women and at least 30% of men. The Supervisory Board set its target for the proportion of women on the Supervisory Board and the Management Board of UNIWHEELS AG at 0%. Likewise, the Management Board set the targets for the two lower management levels to 0%. —— The Management Board and the Supervisory Board of UNIWHEELS AG are of the opinion that the individual's qualifications as well as the knowledge, skills and experience required for the respective business field or sphere of responsibility are of higher importance when appointing managers and members of the boards. ——

The Management Board and the Supervisory Board will keep this issue in mind and redetermine the target for the proportion of women in the Supervisory Board, the Management Board and the next two subordinate management levels of UNIWHEELS AG by 30 June 2017 at the latest.

**POINTS 4.2.2, 4.2.3** pursuant to which the compensation structure of the Management Board should be based on certain principles. Ralf Schmid as member of the Management Board does not receive any compensation from the company. Further, no compensation commitment or any compensation to be received upon termination of his agreement with the company or in the event of a change of control has been agreed. In this regard, the Supervisory Board believes that the incentive and the conformity of Ralf Schmid's and the company's interests result to a sufficient extent from his position as major shareholder.

**POINT 4.2.4 AND 4.2.5** pursuant to which the total compensation of each one of the members of the Management Board should be disclosed by name. The company has not complied with these recommendations as the annual general meeting of UNIWHEELS AG held on 10 April 2015 passed a resolution by a three-quarter majority pursuant to Secs. 286 (5), 314 (2) Sentence 2, 315a (1) HGB, not to individually disclose the compensation of the Management Board in the annual reports of UNIWHEELS AG for the fiscal years 2015 through 2019 (inclusive). The company believes that an individual disclosure would constitute an invasion of privacy for the persons concerned without having a material informational benefit for the shareholders and the capital market. The Supervisory Board feels able to work towards an appropriate compensation of the Management Board in accordance with the sustainable development of the company. As long as there is a corresponding opt-out resolution of the annual general meeting, the company will not include the model tables recommended by Point 4.2.5 of the Code in the compensation report.

**POINT 5.4.1** pursuant to which the Supervisory Board should specify a regular limit for the term of office. The Supervisory Board disregards this recommendation as it believes that such a regular limit is not necessary. The Supervisory Board thus considers the required age limit, together with regular reelections of the members of the Supervisory Board, sufficient.

**POINT 5.4.6** pursuant to which, if members of the Supervisory Board are promised performance-related compensation, it should be oriented toward sustainable growth of the enterprise. The members of the company's Supervisory Board do not receive performance-related compensation as the company considers fixed compensation appropriate.

**POINT 5.6** pursuant to which the Supervisory Board should examine the efficiency of its activities on a regular basis. The company was not publicly listed until 8 May 2015. Therefore there hasn't been any examination of efficiency, so far. However, the Supervisory Board intends to comply with this recommendation from fiscal year 2016 on.

**POINT 6.2** pursuant to which, beyond the statutory obligation to report and disclose dealings in shares of the company without delay, the ownership of shares in the company or related financial instruments by Management Board and Supervisory Board members should be reported if these directly or indirectly exceed 1% of the shares issued by the company. If the entire holdings of all members of the Management Board and Supervisory Board exceed 1% of the shares issued by the company, these should be reported separately for the Management Board and Supervisory Board in the Corporate Governance Report. With respect to the disclosure of the shareholdings of Management Board and Supervisory Board members the company only complies with the legal requirements which according to the Management Board and Supervisory Board creates enough transparency.

**POINT 7.2.1** pursuant to which prior to submitting a proposal for election, the Supervisory Board or, respectively, the Audit Committee shall obtain a statement from the proposed auditor stating whether, and where applicable, which business, financial, personal and other relationships exist between the auditor and its executive bodies and head auditors on the one hand, and the enterprise and the members of its executive bodies on the other hand, that could call its independence into question. The auditor for the fiscal year 2015 was appointed by the annual general meeting prior to the IPO which is why the company hasn't complied with this recommendation, so far. However, the Supervisory Board intends to comply with this recommendation from fiscal year 2016 on.

Bad Dürkheim, 17 February 2016

| **Dr. Thomas Buchholz** | **Ralf Schmid** |
|---|---|
| Chairman of the Management Board, on behalf of the Management Board in his capacity as Chairman | Chairman of the Supervisory Board, on behalf of the Supervisory Board in his capacity as Chairman |

The Declaration of Conformity is permanently accessible under http://www.uniwheels.com/uwag/en/home/the-company/corporate-governance/declaration-of-conformity/

## ANNUAL STATEMENT ON CORPORATE GOVERNANCE ACCORDING TO THE BEST PRACTICES OF WSE LISTED COMPANIES [1]

UNIWHEELS AG (the "Company") as a company whose shares are listed on the Warsaw Stock Exchange should comply with the Best Practices of WSE Listed Companies on a "comply or explain" basis. In the financial year ended 31 December 2015 the Best Practices of WSE Listed Companies constituting attachment to Resolution No. 19/1307/2012 of the WSE Supervisory Board dated 21 November 2012 were in force. — On the date of first listing of the Company's shares on the WSE the Company informed on the rules [2] and recommendations of the WSE Best Practices of WSE Listed Companies that the Company will not comply with (EBI report no. 2/2015 dated 8 May 2015). — In accordance with EBI report no. 2/2015 dated 8 May 2015, the Company informed that it will not comply with the following rules of the Best Practices of WSE Listed Companies permanently:

**RULE II.1.1,** according to which the Company should publish on its corporate website basic corporate regulations, in particular the articles of association and internal regulations of its governing bodies. The Company published the articles of association on its website; however, the Company did not publish internal regulations of the Management Board and the Supervisory Board.

**RULE II.1.2.A,** according to which the Company should on annual basis, in the fourth quarter, publish information about the participation of women and men respectively in the Management Board and in the Supervisory Board in the last two years. The Company did not publish such information.

1) The Code of Best Practice for WSE-listed companies is the Polish equivalent of the German Corporate Governance Code

2) The "rules" in the Polish code equate with the "recommendations" in the German Corporate Governance Code. The "recommendations" in the Polish code equate with the "suggestions" in the German Corporate Governance Code.

RULE II.1.6, according to which the Company should publish on its corporate website annual reports on the activity of the Supervisory Board taking account of the work of its committees together with the evaluation of the internal control system and the significant risk management system submitted by the Supervisory Board. The Supervisory Board will report on its activity in the annual report. However, since the Company does not see in the foreseeable future a need for separate control and reporting systems, it will not discuss in detail certain specific topics like the internal control system, risk management system or work of its committees. Moreover, the Company informs that no Supervisory Board's report was prepared in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

RULE II.1.9A, according to which the Company should publish on its corporate website a record of the annual general meeting in audio or video format. The Company does not comply with this rule due to technical and legal difficulties and disproportionate cost in relation to the benefits for the shareholders. Moreover, the Company informs that no annual general meeting took place in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

RULE II.1.14, according to which the Company should publish on its corporate website information about the content of the Company's internal rule of changing the Company's auditors authorized to audit the Company's financial statements or information about the absence of such rule. German law and the Code do not require the establishment of such a policy, and the Company believes it is not necessary to establish such a policy since the potential benefits for the shareholders would not exceed the benefits from continuity of the auditor.

RULE II.4, according to which the Company's members of the Management Board should provide notification of any conflicts of interest which have arisen or may arise, to the Management Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest. The Company follows the German standards, according to which the Management Board members should provide notification of any conflicts of interest which have arisen or may arise to the Management Board; however this should not normally prevent the relevant member from discussing and voting on such issues. The Company believes that the German rules and practice satisfy the principle of limiting a negative impact of a potential conflict of interest on the Group's operations, and any stricter rules may impede the activities of the Company's Management Board which is composed of two persons. Moreover, the Company informs that no such event of non-compliance took place in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

RULE III.1.1, according to which once a year the Supervisory Board should prepare and present to the annual annual general meeting a brief assessment of the Company's standing including an evaluation of the internal control system and the significant risk management system. The Supervisory Board will report on its activity in the annual report, however since the Company does not see in the foreseeable future a need for separate control and reporting systems, it will not discuss in detail certain specific topics like the internal control system, risk management system or work of its committees. Moreover, the Company informs that no annual general meeting took place in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

**RULE III.1.3,** according to which the Supervisory Board should review suggestions from the Management Board and present opinions on such suggestions to the annual general meeting which are subject to resolutions of the annual general meeting. The Company does not comply with this rule due to differences between Polish and German corporate law and practice. According to German law, there are a number of situations in which the Management Board and/or the Supervisory Board have to report to the annual general meeting as a basis for a decision of the annual general meeting. Moreover, the Company informs that no annual general meeting took place in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

**RULE III.4,** according to which a member of the Supervisory Board should notify any conflicts of interest which have arisen or may arise to the Supervisory Board and should refrain from taking part in the discussion and from voting on the adoption of a resolution on the issue which gives rise to such a conflict of interest. The Company follows German standards, according to which the Supervisory Board members should provide notification of any conflicts of interest which have arisen or may arise to the Supervisory Board, however this should not normally prevent the relevant member from discussing and voting on such issues. The Company believes that the German rules and practice satisfy the principle of limiting a negative impact of a potential conflict of interest on the Group's operations, and any stricter rules may impede the activities of the Company's Supervisory Board which is composed of three persons. Moreover, the Company informs that no such event of non-compliance took place in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

**RULE III.6,** according to which at least two members of the Supervisory Board should be independent. The Company will not comply with this rule, but will follow German standards. Under the Code the Supervisory Board should include what it considers an adequate number of independent members. Since the Supervisory Board is composed of three members, two dependent and one independent member, the Company believes that this is an adequate number of independent members given the total number of three members of the Supervisory Board. Dr. Wolfgang Baur, the independent member, is an expert in finance and accounting in accordance with Sec. 100 (5) AktG of the German Stock Corporation Act pursuant to which at least one member of the Supervisory Board must have knowledge in the fields of accounting or auditing (in compliance with Annex II to the Commission Regulation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (2005/162/EG)).

**RULE IV.2,** according to which amendments of the rules (by-laws) of the annual general meeting should take effect at the earliest as of the next annual general meeting. The Company follows German practice where no such rule is defined. Moreover, the Company informs that no such event of non-compliance took place in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

**RULE IV.4,** according to which a resolution of the annual general meeting concerning an issue of shares with subscription rights (rights issue) should specify the issue price or the mechanism of setting it or obligate the competent body to set it before the date of subscription rights within a timeframe enabling an investment decision. The Company does not comply with this rule and it follows German regulations. Under

German statutory law the minimum price must be determined by the annual general meeting, however details can be delegated to the Management Board and the Supervisory Board, including book-building. Moreover, the Company informs that no such event of non-compliance took place in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

RULE IV.10, according to which the Company should enable its shareholders to participate in a annual general meeting using electronic communication means. The Company does not comply with this rule due to technical and legal uncertainties and significant costs associated with such means of communication and organisation of the annual general meeting. In order to facilitate participation in the annual general meeting, the Company will organise the annual general meeting in Frankfurt am Main and it will be possible to participate in the annual general meeting through a proxy. Moreover, the Company informs that no annual general meeting took place in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

In accordance with the EBI report no. 2/2015 dated 8 May 2015, the Company informed that it will not comply with the following recommendations of the Best Practices of WSE Listed Companies permanently:

RECOMMENDATION I.5, according to which the Company should have a remuneration policy and rules of defining the policy that should in particular determine the form, structure and level of remuneration of members of supervisory and management bodies, applying Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC).

RECOMMENDATION I.9, according to which a balanced proportion of women and men in management and supervisory functions in companies should be ensured. The Company has not set objectives for the composition of the Management Board regarding diversity, but focuses only on quality of the management. Due to the small size of the Company's Management Board (two members only), it is more difficult to achieve diversity.

RECOMMENDATION I.10, according to which, if a company supports different forms or artistic and cultural expression, sport activities, educational or scientific activities, and considers its activity in this area to be a part of its business mission and development strategy, impacting the innovativeness and competitiveness of the enterprise, then the Company should publish the rules of its activity in this area. While the Company supports sport as a part of its business mission, it does not consider it practicable to impose rules on its activity within this area.

RECOMMENDATION I.12, according to which the Company should enable its shareholders to exercise the voting rights during a annual general meeting either in person or through a proxy, outside the venue of the annual general meeting, using electronic communication means. The Company did not implement the use of electronic communication means due to technical and legal uncertainties and significant costs associated with such means of communication and organisation of the annual general meeting. In order to facilitate participation in the annual general meeting, the Company intends to organise the annual general meeting in Frankfurt am Main, and it will be possible to participate in the annual general meeting through a proxy. Moreover, the Company informs that no annual general meeting took place in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015. —— Apart from the rules and recommendations of the WSE Best Practices of WSE Listed Companies indicated above, there were no cases of the Company's non-compliance with the rules and recommendations of the WSE Best Practices of WSE Listed Companies in the period between the date of first listing of the Company's shares on the WSE and 31 December 2015.

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|---|---|
| **Dr. Thomas Buchholz**<br>Chief Executive Officer<br>UNIWHEELS AG | **Dr. Karsten Obenaus**<br>Chief Finanical Officer<br>UNIWHEELS AG |

## REMUNERATION REPORT

### Remuneration of the Management Board and the Supervisory Board

This remuneration report describes the principles for setting the compensation paid to the Management Board of UNIWHEELS AG and provides information on the structure of the Board's remuneration. In addition, the report also describes the principles and volume of remuneration paid to the Supervisory Board.

### Basic features of the remuneration of the Management Board

The components of Management Board remuneration stand in fair relation to the tasks and duties of the Management Board. The criteria used to judge the fairness of the remuneration include the respective tasks of the individual Board members, their personal performance, the economic situation, the success of the company and its future development. —— According to a resolution of the extraordinary shareholders' meeting on 10 April 2015, no disclosure will be made of the remuneration paid to the individual members of the Management Board in accordance with Sec. 285 No. 9 a) Sentences 5 to 8, Sec. 314 (1) No. 6 Sentences 5 to 8 HGB for a period of five years, i.e. from fiscal year 2015 to fiscal year 2019. —— The activities of the Board members at the company's subsidiaries are not remunerated.

### Remuneration paid in the fiscal year 2015

The annual remuneration consists of a fixed basic salary and variable remuneration that provides a mid-term incentive. One member of the Management Board receives phantom stock as well. One other member of the Management Board did not receive any remuneration for his services to the Board. —— In detail, the remuneration system is as follows:

### Fixed components

Basic compensation involves a fixed annual salary, the amount of which is oriented on the functions for which the respective Board member is responsible, paid out in twelve equal installments. —— The members of the Management Board received annual salaries of a total of EUR 267k in fiscal year 2015 (prior year: EUR 147k). —— In addition, they received entitlements to remuneration in kind and other fringe benefits totaling EUR 18k in fiscal year 2015 (prior year: EUR 5k). The remuneration in kind relates to the private use of company cars, smartphones and notebooks. In addition to the other fringe benefits, a member of the Management Board receives subsidies for health and nursing insurance as well as pension and unemployment insurance at the amout that an employer would be duty bound to pay under German law if the member of the Board were subject to mandatory social security contributions. An additional 20% mark-up is paid for pension insurance.

### Variable components

The variable remuneration is measured on a number of financial targets. —— The short-term bonus of the Management Board depends on reaching the budget target for EBITDA in the consolidated financial statements and observing the maximum net debt as of 31 December in each year. The long-term bonus is measured on the business value or market capitalisation for fiscal years 2015 to 2017 and 2018 and the net debt ratio of the company (as reported in the consolidated financial statements). In the case of one member of the Management Board, 50% will only be paid out when the business value in 2018 is at least 90% of the average business value in fiscal years 2015 to 2017. —— One member of the Board received one-off remuneration in 2015 as compensation for project-related work. This was paid out in the form of phantom stock which he is not able to sell until 31 December 2015. The phantom stock involves 1,938 shares in the company and has a maximum term of 10 years and a fair value of EUR 112k. A provision of EUR 112k was recognised in 2015 by debiting expenses. —— The maximum variable remuneration available to the members of the Management Board for fiscal year 2015 amounts to a total of EUR 272k (prior year: EUR 30k). This consists of the short-term bonus of EUR 92k and the long-term bonus of EUR 65k, the share-based payment of EUR 112k and two special bonuses of EUR 2k, which all employees in Bad Dürkheim received. A provision of EUR 272k was recognised in 2015 by debiting expenses. —— Maximum short-term bonuses of EUR 165k per annum have been set for 2016 and 2017 for the Management Board in its current composition. The aggregate bonus for the long-term components amounts to a maximum of EUR 138k for 2016 and 2017. —— The members of the Management Board are covered by the D&O insurance policy of the company.

### Pensions

The members of the Management Board do not participate in any pension plans.

### Commitments upon termination of service

One member of the Management Board will remain with the company as a key employee, once his term on the Board comes to an end. His service contract as a member of the Management Board will convert automatically into a separate employment contract, unless the law requires otherwise.

### Severance payments

In the event that a member leaves the Board prematurely, the basic salary will continue to be paid for one Board member. Rights to bonuses exist on a pro rata temporis basis up until the member of the Board steps down from office.

### Advances and loans paid to members of the Management Board

No advances or loans were paid out to members of the Management Board in fiscal 2015.

### Remuneration to former members of the Management Board

As there are no previous members of the Management Board, no remuneration was paid in this respect.

### Remuneration of the Supervisory Board

The remuneration paid to the Supervisory Board is set by the annual general meeting and is governed by the articles of association. The remuneration system is in agreement with the requirements of the law and is aligned with the scope of the activities performed by the members of the Supervisory Board. —— By resolution of the annual general meeting on 15 December 2014, each member of the Supervisory Board receives an annual fixed fee of EUR 40k. The Chairman of the Supervisory Board receives an additional EUR 5k. The Deputy Chairman of the Supervisory Board receives an additional EUR 4k. The chairman of a committee receives EUR 3k. Membership of the audit committee is remunerated by a fee of EUR 6k and membership of the nomination, staff and productivity committee and investment committee by EUR 1k each. —— Based on the articles of association, the remuneration paid to the members of the Supervisory Board for fiscal year 2015 amounted to a total of EUR 151k. In the prior year, the members of the Supervisory Board and Advisory Board (prior to the reorganisation of the company as a German stock corporation) amounted to a total of EUR 68k. —— The members of the Supervisory Board are covered by the D&O insurance policy.

### Advances and loans paid to members of the Supervisory Board

No advances or loans were paid out to members of the Supervisory Board in fiscal 2015.

# Our share / investor relations

## SUCCESSFUL IPO IN MAY

On 8 May 2015, the shares of UNIWHEELS were placed on the Warsaw stock exchange for the very first time. Poland was chosen as the financial market place because of the high share of production in the country (80%), the investment in Plant no. 4 in Stalowa Wola, for which the majority of the proceeds from the IPO will be used, and the high level of brand awareness for UNIWHEELS in Poland. A syndicate of two banks accompanied the IPO of the company. The shares were placed at a price of PLN 105. The offering, which comprised an initial public offer in Poland and a private placement with institutional investors outside of Poland was oversubscribed at the issue price multiple times. Of the 70 institutional investors, with whom individual meetings were held at nine roadshow-days, a total of 63 subscribed to the offer. A quarter of these investors were international financial institutions from a total of nine countries. In sum, 4.8 million shares were placed. Of this number, 2.4 million shares originated from a capital increase. The proceeds flowed directly to the company. Another 2.4 million shares came from the holding company of the selling shareholder. The total volume of the issue came to PLN 504.0 million (EUR 125.4 million) [1]. The company received PLN 252.0 million from the share issue (EUR 62.7 million) [2]. — Consequently, the IPO of UNIWHEELS AG was the largest IPO in Poland in 2015. UNIWHEELS AG intends to use the proceeds from the share issue to finance some of the construction of a new production location in Stalowa Wola, Poland. In addition, the proceeds from the IPO resulted in a higher equity ratio for the UNIWHEELS Group and provided the financial foundation required for continued growth over the long-term.

### BASIC DATA OF THE UNIWHEELS SHARE

| | |
|---|---|
| ISIN | DE000A13STW4 |
| Security identification number | A13STW |
| Ticker symbol | UNW |
| Type of stock | Ordinary bearer shares without nominal value |
| Stock exchange | Warsaw Stock Exchange |
| Market segment | Main Market |
| Index [3] | sWIG80 |
| Number of shares | 12,400,000 |
| Free float | 38.7% |

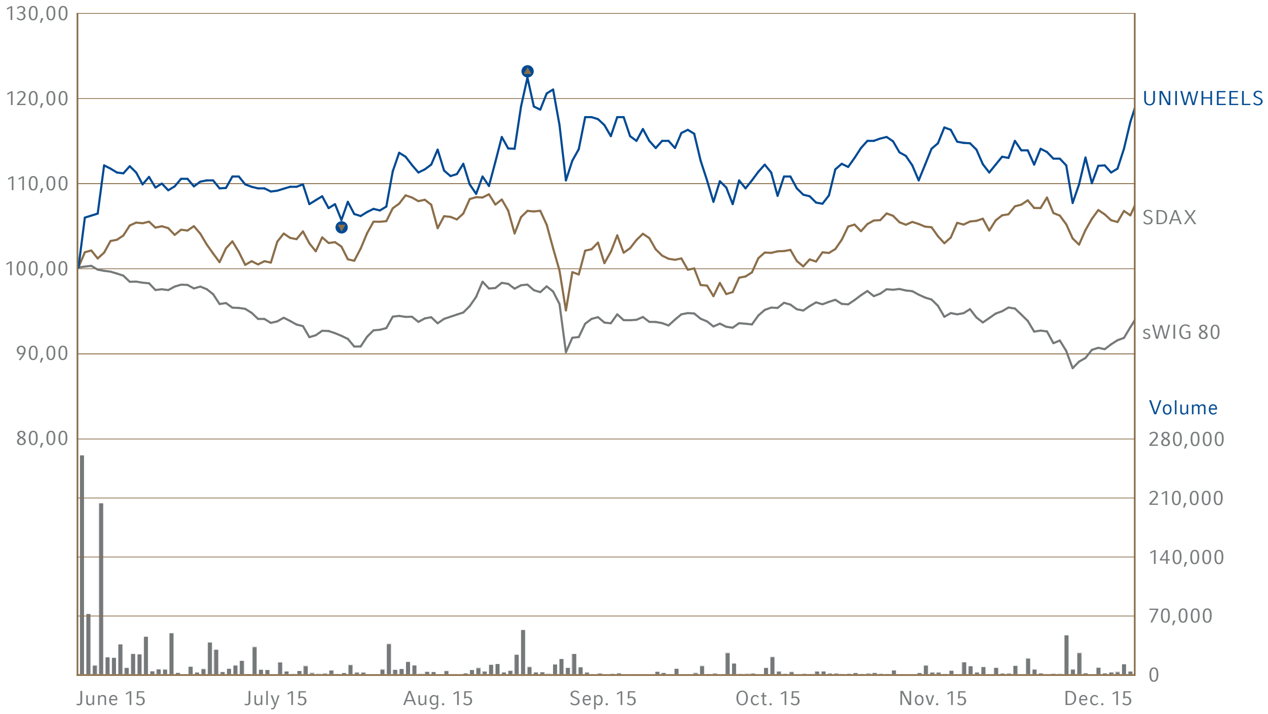
1) According to the European Central Bank https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html, the exchange rate between the zloty and the euro stood at PLN 1: EUR 0.2488 on 23 April 2015.

2) According to the European Central Bank https://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html, the exchange rate between the zloty and the euro stood at PLN 1: EUR 0.2488 on 23 April 2015.

3) Included in the mWIG40 since 21 March 2016.

**PERFORMANCE OF THE UNIWHEELS SHARE FROM 8 MAY 2015 (FIRST DAY OF TRADING) TO 30 DECEMBER 2015**

indexed




### KEY PERFORMANCE FIGURES OF THE UNIWHEELS SHARES IN 2015 SINCE GOING PUBLIC:

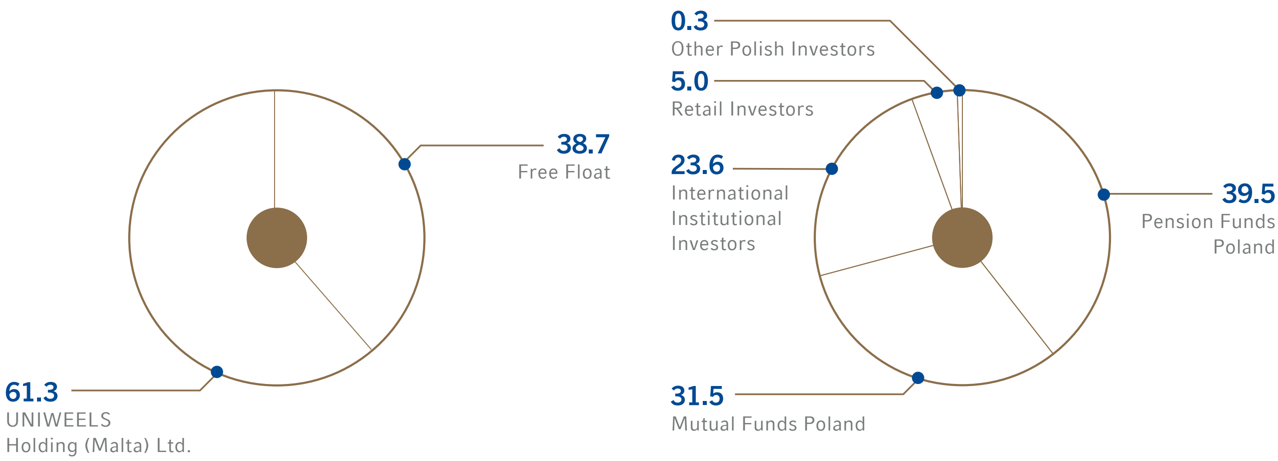
| | |
|---|---|
| IPO issue price (8 May 2015) (PLN) | 105.00 |
| Annual high (PLN) | 129.80 |
| Annual low (PLN) | 105.15 |
| Closing price on 30 Dec 2015 (PLN) | 125.90 |
| Performance of the share in the reporting period since IPO | +19.9% |
| Market capitalization as of 30 Dec 2015 (PLN million) | 1,561 |
| Market capitalization as of 30 Dec 2015 (EUR million) | 368 |
| Average daily trading volume (WSE) | 4,765 |
| Earnings per share (EUR) | 3.52 |
| Dividend per share (EUR) | 1.65 |
| Distribution ratio (%) | 50.29 |
| Yield (%) | 5.55 |

## DEVELOPMENT OF THE SHARE PRICE

At the beginning of July the sovereign debt crisis in Greece created a great deal of uncertainty on the European share markets. In August, fears of an economic slow-down in China put the shares of German industrials under substantial pressure. In the middle of September, a scandal broke involving the manipulation by one of the major European car makers of the emissions of its diesel engines. This burdened the share prices of the entire automotive sector. In addition, the outcome of the elections in Poland at the end of October also led to major uncertainty on the Polish capital markets for the rest of the fourth quarter. —— The UNIWHEELS share was unable to fully shield itself from these external factors. Nevertheless, the share closed the year at a price of PLN 125.90 on 30 December. This corresponds to a rise of 19.9% since the IPO on 8 May 2015. As a result, the UNIWHEELS share developed significantly bet-

SHAREHOLDER STRUCTURE AND BREAKDOWN OF FREE FLOAT

%




ter than most of its peer group in the automotive sector. The share outpaced the Polish mWIG40 stock market index by 29.1%. The UNIWHEELS share also performed 16.4% better than the MDAX. —— At the end of the period, market capitalisation came to PLN 1,561 million (EUR 368 million).

## SHAREHOLDER STRUCTURE AND FREE FLOAT

Since the IPO, 38.7% of the shares of UNIWHEELS AG have been in free float. Approximately 61.3% of the shares are held by the majority shareholder, UNIWHEELS Holding (Malta) Ltd., Sliema, Malta. Within the shares in free float, institutional investors from Poland (pension funds and investment funds) hold the largest share, followed by institutional investors in the United Kingdom, Austria and Germany. —— On 14 September 2015, UNIWHEELS was informed by Norges Bank that the state pension funds of the Kingdom of Norway held just over 3% of the voting rights. UNIWHEELS was notified on 25 November that this share had fallen below the 3% threshold.

## INVESTOR RELATIONS

At UNIWHEELS, the goal of investor relations is to establish reliable, open, consistent and rapid communication to all players on the capital markets to create trust, convince them of the advantages of the business model of UNIWHEELS AG and thereby ensure that the UNIWHEELS share is fairly valued by the market. UNIWHEELS places **GREAT STORE** on close and transparent dialog with the capital markets. UNIWHEELS will continue to encourage such exchange at every opportunity. —— New financial reports, corporate news, presentations and other information will be regularly published in German, English and Polish on the Investor Relations page of the UNIWHEELS website. In addition, the Investor Relations team is happy to welcome any queries from institutional or private investors and is ready to provide support. —— In 2015, UNIWHEELS conducted international roadshows in London, Warsaw, Frankfurt, Paris, Vienna, Copenhagen and Stockholm. Contact was made to new investors, including fund managers from North America and Asia, at conferences in Warsaw, Frankfurt and Prague. The management presented itself to existing and potential institutional investors at roughly 130 meetings. Moreover, UNIWHEELS offered financial analysts

**INVESTOR RELATIONS**
High value and market standards

and investors a number of site inspections and the investor relations team familiarized institutional investors and analysts with the company in the course of numerous conference calls. —— Our IR work will facilitate reliable and open communication with all players on the capital markets in future to ensure transparency about the business model of UNIWHEELS and its course of business. UNIWHEELS is once again planning a number of international roadshows and investor conferences for 2016. An overview of all up-and-coming dates, the latest corporate figures and the financial reports can be found in the IR section of the UNIWHEELS website. —— More information can be found in our financial calendar on page 138 and also on our website at:
http://www.uniwheels.com/uwag/en/home/investor-relations/financial-calendar/2016/
Oliver Madsen, Head of Investor Relations is happy to answer any queries you may have.

**Contact Investor Relations**

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www.uniwheels.com

## ANALYST COVERAGE

At the end of the year, the stock brokers Wood & Company, BZ WBK and Bank BPS were actively monitoring the share and recommending to buy the share at a price ranging between PLN 130.00 and PLN 144.00, which was raised temporarily to PLN 150.00. The number of financial institutes which regularly publish research on UNIWHEELS came to four at the end of the year. Other analysts from international financial institutes have announced that they will commence coverage in the short term or have already started their research.

## INCLUSION IN THE SWIG80 STOCK MARKET INDEX

After just four months of trading since the IPO, the shares of UNIWHEELS AG were included in the small-cap index of the Warsaw stock exchange, the sWIG80, at the end of trading on 18 September 2015, pursuant to a resolution of the management of the exchange passed on 13 August 2015. The change took effect on 21 September 2015. On 21 March 2016, the UNIWHEELS share was added to the mid-cap index of the Warsaw exchange, the mWIG40.

**ANALYST COVERAGE**

| Institution | Analyst | Date | Target Price | Recommendation |
|---|---|---|---|---|
| BZ WBK Brokerage | Michael Sopiel | 2 Nov 2015 | PLN 144.00 | Buy |
| Wood & Company | Maciej Wardejn | 15 Oct 2015 | PLN 142.00 | Buy |
| Bank BPS | Marek Olewiecki | 9 Jul 2015 | PLN 130.00 | Buy |
| mBank Dom Maklerski | Jakub Szkopek | 11 Jun 2015 | PLN 136.00 | Buy |

# Group Management Report

of UNIWHEELS AG, Bad Dürkheim, for the financial year 2015



# Background of the group

## BUSINESS MODEL OF THE GROUP

### Activities

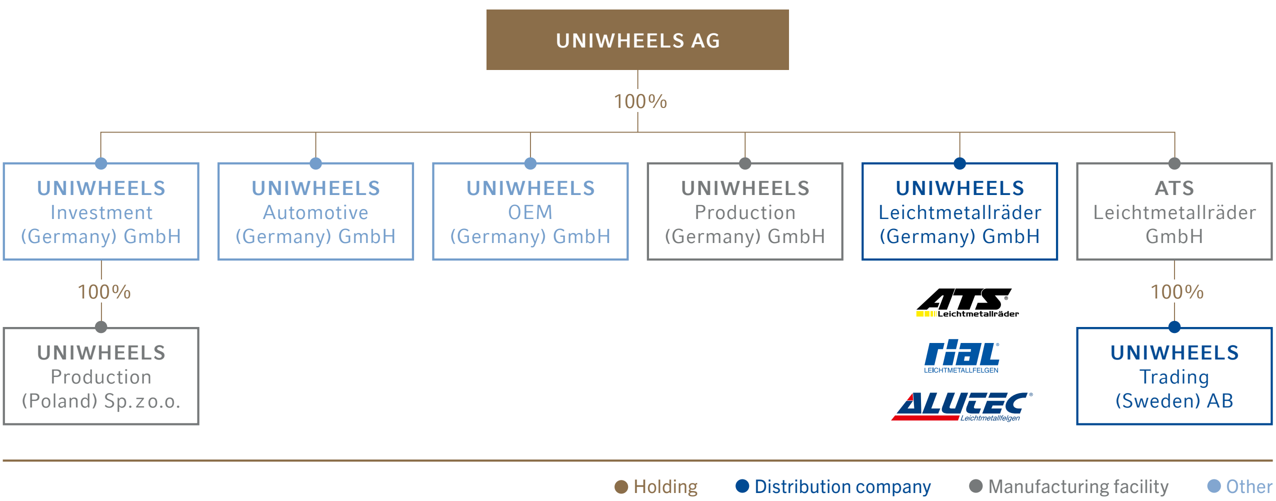
The UNIWHEELS Group is one of Europe's leading manufacturers of high-quality aluminium wheels for passenger cars, based in Bad Dürkheim in the county of the same name in the German state of Rhineland Palatinate. It is one of the few technological leaders on the market for alloy wheels. — It is active in two fields of business – as one of the largest manufacturers of wheels for the automobile industry in Europe (Automotive) and as a manufacturer of alloy wheels for the European aftermarket (Accessory) under the brands ATS, RIAL, ALUTEC and ANZIO. The UNIWHEELS Group also equips professional motorsport racing vehicle series with high-tech wheels. — The business model of the group, which is based on two divisions whose business cycles complement each other, allows the group to optimise use of its capacity and enables the group to offset market fluctuations.

### Divisions

**Automotive** The business of the Automotive division, which delivers alloy wheels to car manufacturers (OEMs) and accounted for 80.4% of the group's revenue in fiscal year 2015, mirrors the rising demand of car makers, driven by the economic forces of the various geographic markets. Rising demand for premium products in emerging economies supplements the stable market situation in Europe. A key driver of the Automotive business is the rising share of alloy wheels used by OEMs for their passenger cars. — UNIWHEELS is a top-tier supplier of European car makers with a strong focus on the premium segment. The customer base covers the majority of the market and customer relationships extend back for decades in some cases.

**Accessory** With its global brands ATS, RIAL, ALUTEC and ANZIO, UNIWHEELS also serves all segments of the aftermarket, from premium to economy. The Accessory division accounted for 18.3% of the revenue of the group in fiscal year 2015. Most of the brands are distributed from the location in Bad Dürkheim, where the central logistics hub for the Accessory division is based. — The UNIWHEELS Group has a dense distribution network that extends from tyre and wheel retail chains to wholesalers, retailers and car dealers.

**GROUP STRUCTURE WITH SIGNIFICANT INVESTMENTS**



## Organisation

**Group structure** In the fiscal year, the OEM business of UNIWHEELS Automotive (Germany) GmbH was spun off and placed in the newly founded UNIWHEELS OEM (Germany) GmbH. —— The organisation of the group and its major holdings is presented in the organisational chart on page 44.

**Locations** The UNIWHEELS Group operates from four geographical locations, of which three are manufacturing facilities: one plant in Werdohl, Germany, and two in Stalowa Wola, Poland, and one production plant for forged wheels in Fußgönheim, Germany, near the headquarters of the group in Bad Dürkheim, Germany. Management, sales and distribution and the logistics centre for the spare parts business are all located here. Most development activities are performed in Werdohl, Germany. —— A third plant is currently under construction in Stalowa Wola, Poland, which is scheduled to go into production in August 2016. By providing additional production capacity of roughly 2 million wheels a year, total capacity of the plants in Stalowa Wola will increase by roughly a third. —— The table below shows the production plants and their key data.

**Management and control** As a stock corporation under German law, the decision-making bodies of UNIWHEELS AG are subject to strict segregation between the executive (the Management Board) and the oversight functions (the Supervisory Board). —— As the executive, the Management Board is responsible for the strategic and operating policies of the group. As of the reporting date, the Management Board comprised the Chairman, Mr. Ralf Schmid, the Chief Automotive Office, the Deputy Chairman, Dr. Thomas Buchholz and the Chief Financial Officer, Dr. Karsten Obenaus. At its constitutive meeting on 15 October 2014, the Supervisory Board of UNIWHEELS AG appointed the Management Board for five years. Mr. Ralf Schmid stepped down from the Management Board, effective 21 January 2016. Dr. Thomas Buchholz was appointed the new chairman of the Management Board on the same date. Since this date, the Management Board has consisted of two members, with the CFO, Dr. Karsten Obenaus being the other one. —— In its supervisory capacity, the Supervisory Board monitors and advises the management on its decisions and, in this way, is directly involved in all significant decisions made by the company. The Supervisory Board was composed of the following members on the reporting date: Beata Olejnik (managing director of UHM), Chairperson of the Supervisory Board, Dr. Wolfgang Baur (business consultant), Deputy Chairman of the Supervisory Board and Michael Schmid. Effective 21 January 2016, Mr. Ralf Schmid replaced Beata Olejnik as

### PRODUCTION PLANTS WITH CORE DATA

| | STALOWA WOLA, POLAND | | | WERDOHL, GERMANY |
|---|---|---|---|---|
| | Plant 1 | Plant 2 | Plant 4 (under construction) | Plant 3 |
| Capacity | 1.7–1.9 million wheels | 4.4–4.7 million wheels | Approx, 2.0 million wheels | 1.1–1.4 million wheels |
| Wheel diameter | 14"–20" | 14"–21" | 14"–23" | 18"–20" |

the chairperson of the Supervisory Board. Mrs. Olejnik stepped down from the Board on the same date.

### Products and production process

UNIWHEELS produces alloy wheels with diameters of between 14 ″ and 23 ″ and various designs and surface treatments. The wheels for the aftermarket are designed and developed by the group itself, depending on demand and customer preferences. —— The group plans its production in such a way as to meet customer orders with a minimum of production interruptions for retooling and adjusting production parameters. —— UNIWHEELS is a pioneer of low-pressure die casting. In this method, the aluminium melt is pressed from below into a hollow form made by the coquilles (permanent mould). The upwards flow of the melt against the force of gravity is best effected by creating a low-pressure differential in the mould. The production process begins with melting the aluminium alloy, followed by degassing. The fluid aluminium is then filled into the crucible used to fill the coquilles for the specific wheel. After casting, the wheels are subject to a 100% x-ray inspection to test against any inclusions or empty spaces. This process is fully automatic and therefore not influenced by human error. Depending on the customer requirements and material used, the wheels are then heat-treated to optimise the mechanical properties and parameters of the wheel and meet customer specifications. The machining department processes the wheels, generally using fully automated robot cells. In this step, the wheels are subject to a 100% balancing and calibration test of their axial and radial dimensions. Thereafter, all wheels are subject to a helium leak test. Once they pass this test phase, they move on to the finishing department. Here the wheels are brushed and deburred on automated plant before a specially trained employee undertakes the final inspection and approves the wheel for coating. Before the wheels are given their final colour and coat, they undergo pretreatment which significantly increases their resistance to corrosion. Finally, all wheels are coated with powder-based paints in the colour desired by the customer. Depending on the preferred design, the wheels then move on to the varnishing process or other processes such as Diamond Cut, laser finishing or pad printing. The final varnish is then added in another coating run. Once the final quality inspection is finished, each wheel is packed and shipped. —— The quality of the wheels and many other aspects of the production process are subject to the certifications required by the OEMs. These are renewed every year, including ISO 9001 and TS 16949. Compliance with all such requirements is monitored by a steady stream of audits accompanying each production series and documented accordingly.

### Market position

The UNIWHEELS Group manufactures alloy wheels for the automobile industry and the aftermarket. The key customers of UNIWHEELS consist of global producers of automobiles and their production locations in Europe. The market for metal wheels includes wheels used to equip new cars (at OEMs) and wheels that are sold on the aftermarket. The UNIWHEELS Group generates most of its revenue from business with OEMs. —— There are only a limited number of market players on the European market for alloy wheels. The purchase volume of the European car makers is currently contested by just five producers of alloy wheels. —— The competitive environment of UNIWHEELS is stable and changes mainly relate to the speed at which the capacity of certain competitors increases. The UNIWHEELS Group is one of the largest suppliers of wheels to the European automobile industry (Automotive division). Key competitors include Ronal (Switzerland), Borbet (Germany), CMS (Turkey) and Maxion. —— The aftermarket, by contrast, is heavily fragmented. The UNIWHEELS Group is one of the leading manufacturers of alloy wheels in the European aftermarket (Accessory division). Key competitors on this market include Alcar, Ronal, Brock and Borbet.

## External factors

The UNIWHEELS Group manufactures metal wheels for the automobile industry and for dealers in the aftermarket. For this reason, the earnings of the group depend directly on the state of the automobile industry. Key customers of UNIWHEELS include global producers of automobiles and their production locations in Europe. — The business of UNIWHEELS is closely tied to automobile production and sales of cars and particularly to private consumption, the disposable income of private households, and the general state of the wider economy, such as the gross domestic product (GDP), industrial production and general economic trends. — Generally, cars are equipped with steel or alloy wheels. For this reason, production volume determines demand for a certain type of wheel. Even more important for the business of the UNIWHEELS Group is the share of new vehicles that are equipped with alloy wheels. Demand for alloy wheels has been steadily rising on account of the trend away from steel wheels and towards aluminium alloys. UNIWHEELS generates most of its revenue from business with the OEMs. UNIWHEELS expects the share of alloy wheels in the total European wheel market to keep growing slightly in the coming years. — Due to climate change, the European Union has put the spotlight on greenhouse gas emissions. As a result, the EU has made a commitment in an EU Directive to reduce greenhouse gas emissions by at least 20% by the year 2020 (measured on 1990 levels). Transport using passenger cars has been identified as a key factor in emissions. A central element of the regulation is an average $CO_2$ emissions target of 130 g $CO_2$/km per new car registration. This value should be reached by means of improvements to engine technology and innovative technologies in terms of weight reduction.

**Lightweight technology** The regulatory changes and consumer preferences have led OEMs and automotive suppliers to align their operations to various environmental initiatives. Currently, one focus of the OEMs is to produce lighter weight cars in order to reduce fuel consumption. For this purpose, they have turned to lighter-weight materials and innovative products and solutions offered by their suppliers. Examples of lightweight technologies include flow forming and undercut. — In addition, alloy wheels meet the high standards set by the automobile industry in terms of safety, design, weight and heat absorption when braking. — In addition to the growing demand for lightweight aluminium wheel solutions, the following trends affect the earnings of UNIWHEELS:

**Growing wheel size** Roughly 75% of all UNIWHEELS wheels currently delivered to OEMs have a radius of between 17 ″ and 20 ″. The trend to larger diameters – up to 23″ – leads to higher market prices and therefore more value added per wheel.

**More complex surfaces** The design departments of the OEMs are calling for new and more complex wheel designs in terms of surface treatments and forms. The trend towards individualisation of the car is fostering a rising share of complex surface treatments for alloy wheels, such as high gloss paints, Diamond Cut, or finishes that provide corrosion protection.

# CONTROL SYSTEMS

## Financial performance

The following financial indicators are the key management indicators used by the UNIWHEELS Group:

| | | 2015 | 2014 |
|---|---|---|---|
| Unit sales of wheels | thousands | 7,822 | 7,228 |
| Revenue | EUR k | 436,482 | 362,585 |
| EBITDA | EUR k | 58,674 | 45,874 |

The business development of the group in fiscal 2015 was up significantly on the prior year. Unit sales of wheels increased by 8.2% to 7.8 million. This matches the forecast made in the Group Management Report for 2014 which predicted a significant increase in the annual unit sales of the group and its turnover. This is reflected in the development of revenue, which increased by 20.4% to EUR 436.5 million. Approximately 80.4% of the revenue of the UNIWHEELS Group is attributable to the Automotive division, with the remaining 18.3% generated by the Accessory division. This positive development is due to both the start of production of new models and a more advantageous product mix that focuses on the premium brands in the Automotive division. — EBITDA increased by 27.9% in comparison to the prior year to reach EUR 58.7 million. This development is significantly more positive than the estimate made in the Group Management Report for 2014, which forecast a slight increase in EBITDA. This positive deviation from the plan is due to the product mix being better than expected, the quarterly price adjustments relating to the price of aluminium and the lower than expected rise in operating expenses and administrative expenses.

## Non-financial performance indicators

**Proximity to customers** In the Automotive division, the UNIWHEELS Group maintains relationships to all major automobile producers in Europe, particularly in the premium segment. With just-in-time delivery and production methods as well as the consignment stocks the group keeps on the manufacturing premises of the customers, the UNIWHEELS Group can ensure that it delivers wheels flexibly and when needed. The key account managers of the Automotive division regularly visit their customers. — With its global brands, ATS, RIAL, ALUTEC and ANZIO, the UNIWHEELS Group serves all segments, from premium to economy. Most of the brands are distributed in the Accessory division by UNIWHEELS Leichtmetallräder (Germany) GmbH from its location in Bad Dürkheim, Germany, where the central logistics hub for the Accessory division is based. — Proximity to the markets is a key success factor for the UNIWHEELS Group. In order to achieve direct access to the market and closer proximity to customers, the UNIWHEELS Group continues to maintain sales offices in Europe via which it supplies chains of tyre and wheel distributors as well as retail stores and car dealerships. — This non-financial performance indicator is monitored constantly by management in a form that is not quantified.

**Relationships to suppliers** Due to the fact that the purchase volume of the UNIWHEELS Group lies at well over 60% of its sales revenue, its relationship to suppliers is of major significance. Cooperation is fostered within the framework of a consistent procurements management strategy. Moreover, it is important to structure relationships to suppliers in such a way as to minimise all kinds of risks as much as possible and shield the company from them. Contracts with suppliers are negotiated accordingly. Compliance with the law is secured and the risk management practiced by the group is oriented towards assuring this. — This non-financial performance indicator is monitored constantly by management in a form that is not quantified.

**Environmental awareness** Sustainability in business is a matter of common sense and also of taking responsibility for the future. A forward-looking, voluntary and systematic inclusion of environmental aspects in political and business decisions plays a key role in this regard, i.e. environmental management is perceived as an extension and refinement of environmental protection law. The benefits of environmental management are not simply an intangible ideal, e.g. in higher employee motivation or a better image on the market. Rather, it offers quite tangible benefits in the form of cost-savings or lower consumption of resources. The production locations of the UNIWHEELS Group in Germany and Poland are certified in accordance with ISO 14001. —— This non-financial performance indicator is monitored constantly by management in a form that is not quantified.

**Employee satisfaction and qualifications** The UNIWHEELS Group has a well-trained and motivated workforce of high-performers. To ensure it stays this way, the group believes one of its key tasks, as a modern and responsible employer, lies in offering its employees a compensation package and interesting benefits commensurate with their performance, in addition to interesting and challenging tasks and an attractive workplace. —— Furthermore, it offers its employees a range of working time models, such as flexi-time, part-time work and mobile work. Due to its continuing internationalisation, employees of the UNIWHEELS Group can accept attractive foreign assignments which, in addition to training, are a great way of developing their intercultural skills sets. —— Training is an important pillar of a sustainable human capital policy. On the reporting date there were 13 apprentices (prior year: 5) in the UNIWHEELS Group learning trades such as industrial business, information technology, system integration and inventory management. —— Targeted seminars and training measures support the employees in building up their professional and personal competencies. Promoting motivated and talented staff members goes without saying at the UNIWHEELS Group. —— Another important factor for the UNIWHEELS Group is to actively involve employees in the improvement of business processes and reduce complexity within the organisation. For this purpose, the UNIWHEELS Group makes use of apprenticeships and other means of providing employees with additional qualifications. Outside of this structured method, the employees of the UNIWHEELS Group have an opportunity to submit suggested improvements for streamlining processes or innovative ideas for new products at any time to the ideas management. —— This non-financial performance indicator is monitored constantly by management in a form that is not quantified.

**Industrial safety and occupational health** Health and safety are a further vital component of our human capital policies. In addition to complying with the safety measures required by the law, the management of industrial safety concentrates on accident prevention and making employees aware of occupational health and safety. It is of great importance that the legal safety limits are not simply complied with, but that there is as wide a safety margin as possible. More specifically, this is being implemented during the construction of the new facility in Poland, Plant No. 4. —— Another key aspect is the definition of internal safety standards that will be successively harmonised throughout the group. Ensuring compliance with these will be tied to strict criteria. Quantifiable indicators for accidents are subject to a uniform assessment which points out the various findings and potential for improvement. —— Internal audits are carried out with the assistance of professionals to ensure that all locations are working on industrial safety and occupational health. This involves an assessment of the organisation and the development of measures needed to protect the workforce, e.g. during security trainings. Where a need for improvement becomes apparent, technical or medical measures are initiated accordingly. Employees are offered a range of health programmes, such as health checks, at regular intervals. Training and education on issues such as health, hygiene, safety and prevention round off our activities in this field.

## RESEARCH AND DEVELOPMENT

The development of new wheel designs and production methods is a key component of the business model of UNIWHEELS. The UNIWHEELS Group has worked together with major automobile manufacturers for over forty years. It is a well-respected development partner and Tier 1 supplier to the automobile industry. The development of new wheel designs goes hand-in-hand with the evolution of production processes and quality assurance. In particular, the UNIWHEELS Group works without interruption on optimising its production processes and methods with regard to efficiency and remedying bottlenecks in capacity, such as steadily reducing the relative amount of scrap. — As customer expectations of wheel design become more sophisticated, the focus for serially produced products is placed on coating and varnishing the finished wheel and its machining. As of the reporting date, a total of 141 (prior year: 121) development contracts were being processed by the Automotive division and work was being performed on 107 coquilles for casting the next-generation of products (prior year: 79). A total of 161 coquilles were successfully manufactured in the reporting year. The KBA, TÜV and VDA industrial standards were met at all times. All start-of-production projects for new series were executed to the full satisfaction of our customers. — Both the number of serial production projects currently under development and the number of development projects successfully completed increased significantly in comparison to the prior year, which led to a healthy level of utilization of the capacity of our plants. In order to complete these projects, two new employees were recruited to the development department and our management processes were refined. — The increasing pressure to reduce $CO_2$ emissions presents wheel manufacturers with new challenges. This involves improving the mechanical properties of the alloy to allow thinner rim walls so as to save weight. On the other hand, there is an increasing trend towards improving the aerodynamics of the wheel by partially covering the spokes. In order to address these tasks, the development department works closely together with various external laboratories, universities and external cooperation partners. — UNIWHEELS made good progress in the reporting year on water cooling to improve the mechanical qualities of its wheels. In the first small production runs, the measurements of isolated mechanical properties almost doubled. It is estimated that wheel weight can be reduced by up to 1.2 kg. — Another point of focus in the prior year lay in the design of an alternative casting process which will not only allow very thin walls but also mechanical properties that come close to those of a forged wheel. Weight-savings of up to 15% appear feasible using this technology. Technical feasibility was confirmed in a virtual simulation. An experimental tool for the first casting experiment and optimising the alloys is in production. — Moreover, a forge-related production process is being examined and the first raw wheels confirm the high potential of the mechanical properties. In the Accessory division, a larger number of forged raw wheels are currently being produced to test the suitability of this process in production. — At the same time, the Accessory division was working on 69 (prior year: 72) new projects and 17 (prior year: 15) coquilles for next-generation products. In the motorsport and rally division, the existing programme was expanded and numerous customer requests addressed. For example, a forged wheel was developed in the past year for motorsport use. Customised versions are produced from a standard version. This provides not only greater flexibility but also fast production times and cost-savings. — The development of prototypes has been very successful over the past year. Special wheels for a number of major automobile producers were produced from raw forged wheels in addition to special wheels produced by reprocessing standard trading wheels. We also created a number of forged wheels for show cars. — At 38, the headcount in the development department has remained relatively constant (prior year: 36).

# Business report

## MACROECONOMIC DEVELOPMENTS AND INDUSTRY TRENDS

The global economy recorded growth of 3.1% in 2015. This rate is below prior year (+3.4%) [1]. — According to the International Monetary Fund (IMF), the slump in the stock exchange in China, the low price of oil, and the recession in Russia dampened the development of the global economy in 2015 [2]. — The Federal Republic of Germany bucked this trend, recording stronger GDP growth of 1.7% than in the prior year (1.6%) [3]. — The price of the most important raw material for alloy wheels, aluminium, fell on the LME due to oversupply in China from USD 1,859 per metric ton to USD 1,513 per metric ton. A similar development was seen in the mark-up on aluminium for alloys, which also sank considerably over the course of the year. — According to the German Association of the Automotive Industry (VDA) the car market in 2015 was mostly affected by the fact that the three largest automobile markets, Western Europe, the USA and China, all returned to growth. This ensured that the global passenger car market rose by 1% to 76.9 million units. The US market passed the 17 million car hurdle (up 5.8%), the highest it has been since 2000. With over 20 million units (up 9.1%), the Chinese market was the world's largest market for passenger cars. This market was particularly choppy in 2015, with the high growth rates of the previous year at first appearing to have waned, only to return to high growth albeit at a slightly lower level. The biggest surprise was Western Europe, which grew by 9% to over 13 million cars sold. The five largest car markets in Western Europe, Germany (up 4%), France (up 5%), the United Kingdom (up 6%), Italy and Spain (both growing by double digits) and numerous smaller markets such as Portugal (up 26%) and Ireland (up 25%) were responsible for this positive trend in Western Europe. — However, other countries in the global market countered this trend and dampened activity on the global car market. Worth of particular mention in this regard are Russia (down 35.7%), Brazil (down 25.6%) and Japan (down 10.3%) [4]. — In sum, the year 2015 was a growth year from a German perspective in spite of the turbulence (e.g. from the scandal surrounding diesel emissions). Unit sales, revenue, production, export and employment all rose. Moreover, German car makers have never before produced as many automobiles as they did in this year. [5]

## BUSINESS DEVELOPMENT

Unit sales of wheels developed as follows:

| thousand units | 2015 | 2014 | Change | Q4 2015 | Q4 2014 | Change |
|---|---|---|---|---|---|---|
| Accessory | 1,417 | 1,438 | –1.5% | 463 | 431 | +7.4% |
| Automotive | 6,405 | 5,790 | +10.6% | 1,657 | 1,467 | +13.0% |
| | **7,822** | **7,228** | **+8.2%** | **2,120** | **1,898** | **+11.7%** |

The business of UNIWHEELS AG developed positively in fiscal year 2015. Units sales of alloy wheels continued to grow in 2015, rising by 8.2% on the prior year to over 7.8 million wheels. In the process, growth in the unit sales of wheels in the Automotive division was extraordinary – a new record was set for shipments of top quality alloy wheels to European automobile manufacturers. Our strong relationships to customers in the automobile industry, with a focus on the premium segment, were cultivated and extended further. In the Automotive segment, we generated record sales over the entire year and managed to improve our productivity yet again. In addition, the group maintained its strong position in the global aftermarket which it serves with the group's brands, ATS, RIAL, ALUTEC and ANZIO. — October 2015 was the strongest month in the history of UNIWHEELS, with more than 855,000 wheels sold. In spite of our capacity being generally utilised to the full, we were able to remedy bottlenecks in production by achieving efficiency gains and, in this way, raise the volume of wheels produced. — The key points of the market in the year 2015, which will continue to apply in future, are its overall growth, the rising share of alloy wheels among OEMs, the focus of automobile producers on environmental protection (reduction of $CO_2$ emissions), weight reduction and also the increasing size of wheels and the greater complexity in design and finishings.

## FINANCIAL PERFORMANCE AND FINANCIAL POSITION

### Result of operations

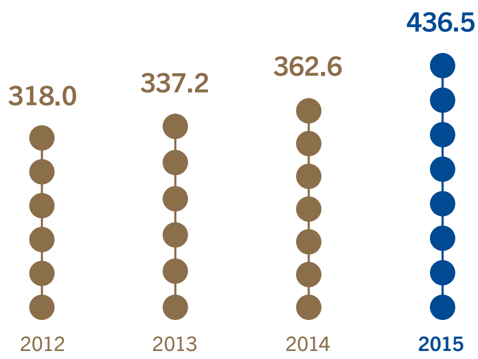
Overall, UNIWHEELS can look back on an extremely successful year 2015. The **CONSOLIDATED REVENUE** of the UNIWHEELS Group increased to EUR 436.5 million. In comparison to the prior year, this represents a rise of EUR 73.9 million or 20.4%. The main factors in this regard were the rise in unit sales of wheels, the improved product mix and the quarterly price adjustments to accommodate the rise in the annual average price of aluminium in com-

**EXTERNAL REVENUE**

| EUR k | 2015 | 2014 | Change | Q4 2015 | Q4 2014 | Change |
|---|---|---|---|---|---|---|
| Accessory | 79,808 | 74,394 | +7.3% | 26,883 | 23,025 | +16.8% |
| Automotive | 350,781 | 283,771 | +23.6% | 88,467 | 74,841 | +18.2% |
| Other | 5,893 | 4,420 | +33.3% | 957 | 1,341 | –28.6% |
| | **436,482** | **362,585** | **+20.4%** | **116,307** | **99,207** | **+17.2%** |

parison to the prior year. The revenue of the AUTOMOTIVE division rose by 23.6% to EUR 350.8 million. The revenue of the ACCESSORY division amounted to EUR 79.8 million, which represents an increase of 7.3% on the prior year. —— OTHER OPERATING INCOME rose by 31.4% to EUR 4.6 million. The increase is predominantly due to realised foreign exchange gains. —— The COST OF MATERIAL of the UNIWHEELS Group rose by 19.4% to EUR 262.4 million. The increase in the cost of material is primarily due to the higher annual average cost of raw materials in comparison to the comparative period of the prior year, aluminium in particular. By contrast, the cost of paints and varnishes remained constant in spite of the sharp rise in production. This mainly results from lower acquisition costs and a reduction of scrap. A detailed breakdown of the cost of material can be found in note 7 of the notes to the consolidated financial statements. —— PERSONNEL EXPENSES increased by EUR 8.4 million or 14.6% to EUR 66.0 million in a year-on-year comparison, mainly on account of the large increase in the headcount. The UNIWHEELS Group had an average of 2,539 employees in fiscal year 2015. In comparison to fiscal 2014, when there were 2,366 employees, the average headcount has risen by 173 employees. —— The increase of 9.5% in OTHER EXPENSES to EUR 56.0 million mainly results from the costs of EUR 2.3 million incurred in relation to the IPO, exchange rate losses of EUR 1.2 million from fluctuations in exchange rates on the time deposits denominated in PLN and an increase of EUR 1.2 million in repairs and maintenance for technical plant and equipment. Please see note 9 in the notes to the consolidated financial statements for a breakdown of other expenses. —— DEPRECIATION AND AMORTISATION increased marginally by 4.0% to EUR 14.8 million in fiscal 2015. The increase is mainly due to the higher investing activity for Plant 4 and the associated rise in property, plant and equipment. —— INTEREST EXPENSES decreased by EUR 6.3 million to EUR 4.4 million. The background to the decline lies in the much improved financing structure (including premature repayment of the “Mittelstand” bond and conversion of the shareholder loan into equity) and a much lower interest margin arranged on the syndicated loan, which was reduced from 2.45% at the end of 2014 to 0.95%. OTHER FINANCE REVENUE / COSTS contains the gains on forex and aluminium derivatives of EUR 0.7 million. In sum, NET FINANCIAL INCOME improved by EUR 6.2 million to a net expense of EUR 3.2 million.

**REVENUE 2012 – 2015** EUR million



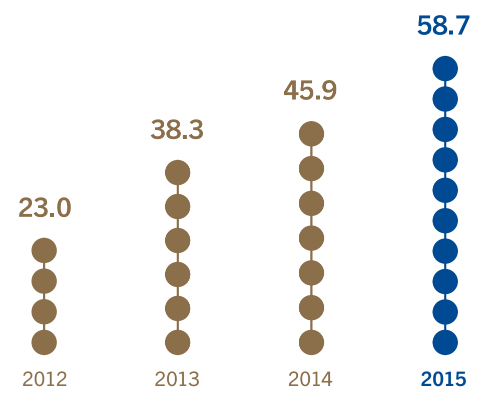

**KEY EXPENSE ITEMS**

| EUR k | 2015 | 2014 | Change |
|---|---|---|---|
| Cost of material | 262,364 | 219,678 | +19.4% |
| Personnel expenses | 66,012 | 57,587 | +14.6% |
| Other expenses | 56,034 | 51,185 | +9.5% |
| Depreciation and amortisation | 14,758 | 14,188 | +4.0% |
| Interest expense | 4,396 | 10,702 | –58.9% |
| Ratio of the cost of material to revenue | 60.1% | 60.6% | –0.5 PP |
| Ratio of personnel expenses to revenue | 15.1% | 15.9% | –0.8 PP |

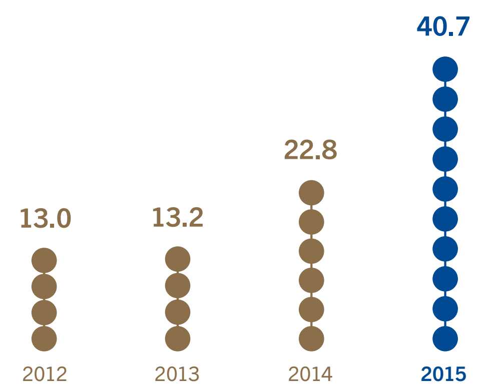
## KEY EARNINGS INDICATORS

| EUR k | 2015 | 2014 | Change |
|---|---|---|---|
| EBITDA | 58,674 | 45,874 | +27.9% |
| EBIT | 43,917 | 31,686 | +38.6% |
| Net profit for the year | 40,686 | 22,770 | +78.7% |
| EBITDA margin | 13.4% | 12.7% | +0.7 PP |
| EBIT margin | 10.1% | 8.7% | +1.4 PP |
| Earnings per share in EUR (basic) | 3.52 | 2.28 | |
| Earnings per share in EUR (diluted) | 3.52 | 2.28 | |

**EBITDA 2012 – 2015** EUR million




**NET PROFIT 2012 – 2015** EUR million




**Earnings** Earnings before interest, taxes, depreciation and amortisation (EBITDA) increased by 27.9% on the prior year to EUR 58.7 million. This increase in EBITDA can be attributed to the increase in revenue due to higher unit sales and a relatively slower increase in expenses in both operations and administrative functions. The EBITDA margin increased from 12.7% to 13.4%. — With depreciation and amortisation remaining constant, earnings before interest and taxes (EBIT) rose by 38.6% to EUR 43.9 million. The EBIT margin therefore improved from 8.7% to 10.1%. — The NET PROFIT FOR THE YEAR improved by 78.7% in 2015 to EUR 40.7 million.

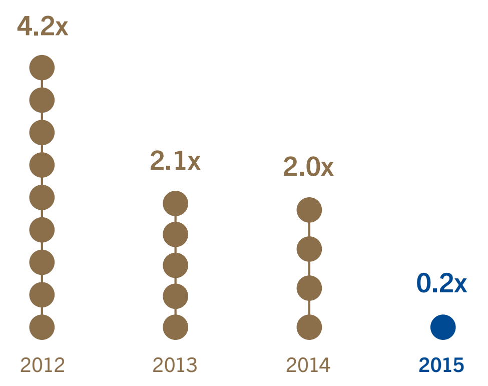
## Cash position

**Composition of equity and liabilities** The cash position of the group was significantly affected by the IPO on 8 May 2015 and the related proceeds of EUR 62.0 million. — NON-CURRENT FINANCIAL LIABILITIES saw a large decrease of EUR 33.3 million to EUR 39.7 million. The reduction is primarily due to the conversion of the shareholder loan from UHM into equity of EUR 24.7 million and the scheduled repayments of EUR 5.5 million on the syndicated bank loan. — CURRENT FINANCIAL LIABILITIES decreased by EUR 27.7 million on the prior year to EUR 10.2 million. The decrease is mainly due to the repayment of the credit line under the syndicated bank loan of EUR 27.9 million and the settlement of the overdrafts that the group had availed of. — NET DEBT decreased from EUR 90.1 million in 2014 to EUR 10.6 million in fiscal year 2015. The net debt/EBITDA ratio sank from 2.0x to 0.2x. — EQUITY was positively affected by capital adjustments and financing measures, rising EUR 116.5 million to EUR 200.0 million. As a result, the equity ratio rose from 31.7% to 61.6%. — UNIWHEELS AG plays a key role in the financing of the UNIWHEELS Group. Borrowings are generally arranged by UNIWHEELS AG and provided to the subsidiaries as they need them. Any surplus funds at the subsidiaries are transferred to the central cash pool managed by UNIWHEELS AG with cash being extended to them as needed.

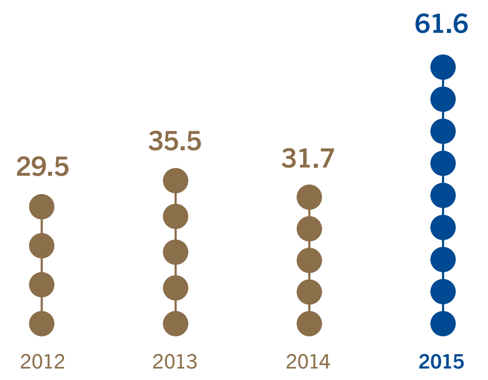
— The existing SYNDICATED LOAN AGREEMENT from September 2014 was prolonged by one year to 2020, effective 27 November 2015. The full line of finance of EUR 95.0 million, which consists of a Term Loan A of EUR 50.0 million and a revolving credit facility of EUR 45.0 million was unaffected by this. As of 31 December 2015, an amount of EUR 43.1 million had been drawn on Term Loan A while the revolving facility had not been drawn on. The principal of the syndicated loan agreement bears interest at the EURIBOR plus a variable margin. This ranges between 0.95% and 1.90% depending on the status of certain financial indicators of the company. — All liabilities towards the shareholder, UNIWHEELS Holding (Malta) Ltd., Sliema, Malta, are subordinated to the claims of other creditors. The refinancing package should significantly reduce the high interest expenses recorded in recent years for the future. — Risks arising from fluctuations in interest rates, foreign exchange rates and commodity prices are managed by means of financial derivatives in the form of interest swaps and forward exchange transactions and commodity derivatives (for aluminium). These instruments are used for the sole purpose of hedging the risks and are not used for speculation. — Various group entities have performed off-balance-sheet transactions in the form of FACTORING. As of 31 December 2015, receivables of EUR 12.6 million (prior year: EUR 14.3 million) were not recorded on the face of the statement of financial position. Risks for the company relate to the retained factoring fee, which amounts to 10% of the factored receivables. In addition, there are factoring fees which are charged on to the group entities.

**Capital expenditure** An amount of EUR 42.3 million was invested in the intangible assets and property, plant and equipment of the group in fiscal year 2015. Most of the capital expenditure – EUR 21.8 million – concerns the expansion of production capacity with the construction of a new plant (Plant 4) at the Polish entity in Stalowa Wola, Poland. In addition, investments are made in the development of coquilles, machining and the casting technology and conveyance systems. — The capital expenditures in fiscal year 2015 were well above the level of depreciation and amortisation of EUR 14.7 million. The ratio of capex to revenue comes to 9.7% (prior year: 4.5%). — The capital expenditure planned for fiscal year 2016 mainly relates to the completion of Plant 4. Moreover, the second stage of the new plant was brought forward due to the order backlog. Other investments were made in the development of coquilles, quality assurance and the modernisation of existing plants.

NET DEBT / EBITDA 2012 – 2015




EQUITY RATIO 2012 – 2015 %



**Liquidity** The cash flow statement of the UNIWHEELS Group separates cash flows into cash inflows and outflows from operating activities, investing activities and financing activities. Taking account of the cash and cash equivalents at the beginning of the reporting period and the changes in cash and cash equivalents from changes in foreign exchange rates and changes in the consolidated group results in the cash and cash equivalents at the end of the fiscal year. — The group's cash requirements could be covered in their entirety by the CASH FLOW FROM OPERATING ACTIVITIES. The cash flow from operating activities increased by EUR 13.8 million to EUR 46.1 million. The increase is primarily due to the significant improvement of EUR 17.9 million in the net profit for the period. — The CASH FLOW FROM INVESTING ACTIVITIES changed in a year-on-year comparison from an outflow of EUR 14.5 million to a cash outflow of EUR 41.8 million. The large difference is due to the increase in capital expenditure within the group, particularly for the construction of the new plant. — THE CASH FLOW FROM FINANCING ACTIVITIES increased in the reporting year from an outflow of EUR 5.9 million to an inflow of EUR 13.3 million as a result of the cash received from the IPO and the associated realignment of group financing. — As a result of the changes in the cash flow described above, the balance of CASH AND CASH EQUIVALENTS rose by EUR 18.5 million to EUR 39.3 million. — There were no liquidity bottlenecks in the year and all group entities were in a position to meet their payment obligations at all times.

## Composition of assets, equity and liabilities

The total assets reported in the consolidated statement of financial position come to EUR 324.5 million (prior year: EUR 263.2 million), consisting of non-current assets of EUR 186.5 million and current assets of EUR 138.0 million. — NON-CURRENT ASSETS primarily consist of other intangible assets of EUR 8.0 million (prior year: EUR 6.3 million), property, plant and equipment and investment property of EUR 141.1 million (prior year: EUR 115.3 million) and deferred tax assets of EUR 35.8 million (prior year: EUR 34.7 million). — The largest item in CURRENT ASSETS is inventories of EUR 56.2 million (EUR 53.8 million). The increase is mainly due to a rise of EUR 1.2 million in inventories of work in progress and merchandise. Current assets also include trade receivables of EUR 34.3 million (prior year: EUR 25.9 million) and cash and cash equivalents of EUR 39.3 million (prior year: EUR 20.8 million). The increase in trade receivables is largely a result of seasonal fluctuations and higher unit sales in the last quarter of 2015 compared to the same period of the prior year. — The increase in CASH AND CASH EQUIVALENTS is attributable to the rise in deposits at banks on account of the buoyant sales in the year and the impact this had on the net profit for the year and the proceeds from the IPO. — THE CAPITAL TIED UP IN CURRENT ASSETS (inventories plus trade receivables less trade payables) increased by EUR 11.1 million in the reporting year to EUR 35.4 million. — The equity ratio came to 61.6% on 31 December 2015 (prior year: 31.7%). The change in the equity ratio is largely due to the increase of EUR 83.6 million in the capital reserve. This was due to the IPO on the Warsaw stock exchange in May 2015 and the conversion of the shareholder loan from UHM of EUR 24.7 million into equity. In addition, the net profit for the year of EUR 40.7 million also raised the level of equity. — Please see the comments on the cash position of the group for more information on the development of non-current and current financial liabilities. — NON-CURRENT TRADE PAYABLES relate solely to liabilities towards UHM carried by individual entities of the group for which a letter of subordination was issued within the framework of the refinancing arranged in fiscal 2014. —— Current PROVISIONS increased in comparison to the prior year by EUR 2.8 million. The increase is chiefly due to a rise in provisions for obligations towards personnel and provisions for price adjustments. —— The increase of EUR 2.5 million in OTHER CURRENT NON-FINANCIAL LIABILITIES can be largely attributed to a rise in current liabilities to personnel.

### Concluding statement of the Management Board on business development and the commercial position of the group

In sum, the fiscal year 2015 developed exceedingly well for the UNIWHEELS Group. Unit sales of the Accessory division were slightly down in the reporting period but the revenue of the Accessory division rose slightly. The decrease in unit sales can be explained by the price increases in springtime. The Automotive division, by contrast, continued to enjoy healthy unit sales, also in the fourth quarter. The revenue of the group rose by 20.4% compared to fiscal year 2014, EBITDA rose by as much as 27.9% on account of consistent cost management. The resulting cash inflows were largely used for new investments. In the fourth quarter, the earnings of the group even managed to accelerate upon the already rapid improvement in earnings recorded in the first nine months of 2015 which led to a significant improvement in both the financial position and financial performance in comparison to the prior year.

# Subsequent events

After more than 26 years of bearing the responsibility for the operations of the wheel business and almost 20 years in his capacity as the managing shareholder of the UNIWHEELS Group, and thereafter as the Chairman of the Management Board of UNIWHEELS AG, which is now publicly listed, Ralf Schmid informed UNIWHEELS AG on 18 January 2016 that he would step down from the Management Board effective 21 January 2016 and take up office as a member of the Supervisory Board. On 19 January 2016 UNIWHEELS Holding (Malta) Ltd. exercised its right under the articles of association to appoint members to the Supervisory Board, and removed Beata Olejnik from the Supervisory Board effective 21 January 2016 in order to replace her with Mr. Ralf Schmid, who simultaneously became the Chairman of the Supervisory Board. On 19 January 2016 the Supervisory Board of UNIWHEELS AG passed a resolution to appoint Dr. Thomas Buchholz as the Chairman of the Management Board effective 21 January 2016. Dr. Buchholz had been the Deputy Chairman since August 2015. —— On 4 March 2016 the Management Board of the Warsaw Stock Exchange passed a resolution to include the UNIWHEELS AG share in the mWIG40 midcap stock index of the Warsaw Stock Exchange. This will take effect on 21 March 2016. —— No other significant events have occurred subsequent to the closing date which would require additional explanatory disclosures.

# Remuneration report

The remuneration of the Management Board consists of a fixed component and a variable component with a long-term incentive as well as phantom stock for one member of the Management Board. More details can be found in the Remuneration Report which is included in the section on Corporate Governance in this annual report. — The remuneration report is an integral component of this group management report.

# Forecast, opportunities and risks

## OUTLOOK

In its autumn 2015 outlook, the IMF adjusted its forecast for the year 2016 downwards by 0.2% and is now projecting global economic growth of 3.4%. According to the Head Economist of the IMF, Maurice Obstfeld, risks lie in the weakness seen in the economies of China and emerging markets as well as the consequences of the refugee crisis. Max Zenglein from the Mercator Institute for China Studies, Merics, perceives the transition China is currently undergoing from an industrial economy to a services economy to be the brake dampening the economy, which could have an impact on the German economy. In particular, German exports of capital goods would then be affected.[1] — For the year 2016, the federal government, under the guidance of the Federal Ministry for Economic Affairs and Energy, is forecasting a rise of 1.7% in GDP in comparison to the prior year. The federal government believes exports will rise by 3.2%, down on the level seen in the prior year (5.4%).[2] — The VDA perceives a number of challenges in 2016. Rising tensions are expected in the Middle East. Moreover, the fight against terrorism is developing into an ever greater problem for industrial nations. The VDA has based its forecast for 2016 on the assumption that the economic environment will not deteriorate. In this case, it is expected that the global market for passenger cars will rise by 2% to 78.1 million units. There is still growth potential on the three largest automobile markets: Western Europe, the USA and China. An increase of 1% is forecast for the US market to 17.4 million units, 2% in China to 19.5 million cars and 1% in Western Europe to 13.1 million cars. The VDA also projects slight growth on the German passenger car market to roughly 3.2 million new car registrations. Exports and domestic production are expected to rise by 1%. Sales and employment are expected to remain stable. The VDA sees the greatest challenges and opportunities in future to lie in:[3]

- Restoring trust amongst consumers in the wake of the diesel scandal
- Innovation on a broad front in the optimisation of classical drive systems through to e-mobility, hydrogen and fuel cells
- Connected and automated driving (trend of the 66th IAA international motor show).

The market conditions and numerous new models from automobile producers as well as the stabilisation in the aftermarket will have a positive impact on the financial performance and financial position of the UNIWHEELS Group in 2016. For this reason, the group believes its Automotive division is in a very good position and it plans to build on this. The UNIWHEELS Group is continuing to work intensively on consolidating and building on its market leadership in the German accessories market. However, the UNIWHEELS Group is also expanding its activities on Eastern European markets and perceives good opportunities for the future to generate significant growth in this region. — In terms of development, the UNIWHEELS Group will work on extending its existing product lines and specialising its current designs in 2016. In addition, focus is being placed on streamlining the forging of wheels to ensure that new projects can

1) Source: Handelsblatt: http://www.handelsblatt.com/politik/international/davos/iwf-prognose-weltwirtschaft-steht-vor-grossen-risiken/12859518.html

2) Source: Federal Ministry for Economic Affairs and Energy: http://www.bmwi.de/DE/Themen/Wirtschaft/Konjunktur-und-Statistiken/projektionen

3) Source: VDA press release 1 December 2015

be developed using this state-of-the-art technology. —— In light of the high demand for top quality wheels from UNIWHEELS, we are very positive about Plant no. 4 soon coming on line. In the first phase of the plant's commissioning, additional production of approximately 500,000 wheels will come on line in 2016. In the course of 2017, the annual capacity of UNIWHEELS will then be subsequently increased by a total of 2 million units or 25%. —— Based on the latest planning and taking account of the expected growth in the industry (VDA, see above), coupled with the additional production capacity of 500,000 wheels in 2016, the management has targeted a significant increase in the group's unit sales in fiscal year 2016 and high double-digit percentage growth in the group's revenue. In terms of cost factors, management believes the average price of aluminium on the LME (London Metal Exchange) in 2016 will come to roughly EUR 1,550 per metric ton, after translation into EUR. UNIWHEELS has budgeted start-up costs at an appropriate amount for the commissioning of the first and second stages of Plant 4. For this reason, the management of the UNIWHEELS Group is targeting single-digit percentage growth in consolidated EBITDA in the coming year. This does not consider foreign exchange differences, which cannot be planned in advance, and other operating income. Moreover, the cost-savings conducted in the prior year and the streamlining of production are expected to make the cost structures more flexible in future. This will have a positive impact on the group's earnings. —— The management of the UNIWHEELS Group plans another a significant increase in investment activity in fiscal year 2016, mainly on account of Plant 4 coming on line. The investments will be predominantly made directly in the production division and result from the plans to expand capacity and meet the high quality standards of the UNIWHEELS Group, on top of the continuous improvement of production processes. The expansion in capacity is made visible in the construction of a new plant in Stalowa Wola, Poland.

## OPPORTUNITIES AND RISKS

UNIWHEELS AG is confronted by a range of developments and events which could have either a positive or a negative impact on its financial performance and financial position. For this reason, the risk management of UNIWHEELS AG is an integral component of the management, both at the level of corporate management but also at the level of the individual entities and functional departments. As all entrepreneurial activity comes with risks and opportunities attached, UNIWHEELS AG views the correct identification, assessment and management of opportunities and risks as a fundamental component of its strategy in order to secure the success of the company in the short and long term and to steadily increase shareholder value. To ensure this is done in a sustainable fashion, UNIWHEELS AG nurtures an awareness for opportunities and risks among all of its employees in all departments of the company.

### OPPORTUNITIES AND RISK MANAGEMENT SYSTEM

UNIWHEELS AG views opportunities and risks as the potential that future developments or events might lead to a positive or negative deviation from the planning projects and targets. With regard to such potential deviations, the focus is placed on a time frame of one year for specific opportunities and risks, analogous to the mid-term planning. Opportunities and risks that may impact the results of the company beyond this time horizon are recorded and managed at the level of corporate management and considered in the corporate strategy. The assessment of individual risk categories is based on a planning horizon of one year, corresponding to the mid-term planning, unless a different time horizon is set for individual risk categories. The Management Board of UNIWHEELS AG bears the responsibility for an effective opportunities and risk management system and monitors the risks on a constant basis. The Supervisory Board is responsible for monitoring the effectiveness of the group's risk

**GROUP OUTLOOK**

Unit sales of wheels: high one-digit-percentage growth

Group revenue: high one-digit-percentage growth

Group EBITDA: one-digit-percentage growth management system. A group-wide risk inventory and risk assessment as well as the risk reporting to the heads of the various departments, the Management Board and the Supervisory Board, broken down by function and individual entity, is performed on a quarterly cycle. In addition, any risks that are identified within a quarter and whose quantification suggests they may have a substantial impact on the results of divisions of the group are reported to the Management Board on an ad hoc basis and, if necessary, to the Supervisory Board as well. UNIWHEELS AG evaluates the opportunities and risks it identifies using a systematic assessment process and quantifies them both in terms of their financial impact – i.e. their gross and net impact on the profit targets – as well as in terms of their probability. In order to analyse the aggregate risk position of UNIWHEELS AG and initiate suitable countermeasures, the individual risks and corporate-wide risks are aggregated into a risk portfolio. The consolidated group used by risk management equates with the consolidated group used for the consolidated financial statements. In addition, the risks are classified by nature and the function they affect. This allows a structured aggregation of individual risks into risk categories. In addition to managing individual risks, such aggregation allows trends to be identified. In this way the risk factors for certain risk categories can be influenced and mitigated. The risk owners are obliged to test at regular intervals whether all significant risks have been recorded. In addition, they analyse the risk portfolio, work out suitable risk mitigation measures, initiate their implementation and track progress. In particular, this includes strategies to avoid, reduce or transfer risk to insurers, i.e. measures that minimise the financial impact or likelihood of a risk occurring. The internal control system defines measures to ensure that the risk management system is effective. At quarterly intervals, the Risk Committee reviews the work of the risk owners, the risk portfolio and the assessment of risks and risk management measures.

## INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM FOR THE CORPORATE ACCOUNTING PROCESS

With regard to the accounting and external financial reporting, the internal control system and risk management system of UNIWHEELS AG can be described using the following key features. The system is aligned towards the identification, analysis, assessment and management of risks and monitoring all of these activities. The Management Board is responsible for the design of the system to ensure that it is in line with the specific requirements of the company. According to the allocation of management functions, the accounting lies with the Finance and Accounting departments, which is the responsibility of the CFO. These departments define and review the corporate accounting guidelines used by the group and combine the information provided to compile the consolidated financial statements. Significant risks for the accounting process arise from the requirement to transfer complete and accurate information within the given deadlines. This necessitates clear communication of requirements and enabling the units concerned to meet these requirements. Risks that could affect the accounting process arise, for example, upon late or faulty posting of transactions or the failure to observe journal entry rules. To avoid such sources of error, the accounting process segregates responsibilities and functions for the reporting and also responsibilities from those who check the plausibility of the reporting. Such segregation of duties is exercised both during the compilation of the separate financial statements and during the compilation of the consolidated financial statements from this basis. Extensive and detailed checklists need to be completed prior to the respective reporting deadline. The accounting process is fully integrated in the risk management process of UNIWHEELS AG. This ensures that the accounting-related risks can be identified at an early stage and that action can be taken without delay to make a provision for the risk or to avoid it.

The compliance of the financial reporting of UNWHEELS AG is ensured by the internal control system used to check accounting processes.

In the course of the annual audit, the external auditor conducts audit procedures, also of the internal control system, following a risk oriented audit approach that is aimed at uncovering, with suitable assurance, any key weaknesses in the accounting. All group entities must report in accordance with IFRS. The same uniform time plan applies to all entities with regard to the compilation of the consolidated financial statements and the group management report. The separate financial statements of the group entities are compiled in accordance with their respective local GAAP and also IFRS. Intercompany transfers of goods and services are recorded by the group entities on separate accounts. The balances of intercompany clearing accounts are reconciled in accordance with predefined guidelines and time schedules. The CFO bears the responsibility for the technical aspects of the finance department. He is included in the quality assurance process for the separate financial statements of group entities that are included in the consolidated financial statements. The corporate-wide quality assurance of the separate financial statements of the consolidated group entities is performed by the corporate accounting department, which is responsible for compiling the consolidated financial statements. Both the data and the disclosures of the consolidated group entities as well as the consolidation entries needed to compile the consolidated financial statements are verified by the external audit using suitable audit procedures which take account of the associated risks. The financial accounting systems used by the group entities of UNIWHEELS AG have been extensively harmonised for the most part. All systems incorporate hierarchical user authorisation systems. The nature, design and practice of issuing user authorisations is decided on by local management in consultation with the Head of IT at UNIWHEELS AG.

## OPPORTUNITIES AND RISK PROFILE OF UNIWHEELS AG

Within the framework of compiling and monitoring the opportunities and risk profile of UNIWHEELS AG, the opportunities and risks facing the group are assessed on the basis of their financial impact and probability of occurrence. The probability of occurrence used when assessing the financial impact was broken down into four categories in the reporting year. The financial impact of opportunities and risks is assessed in terms of its relation to equity. The following four categories are used:

- Insignificant risk: up to 3% of equity;
- Significant risk: 3% – 5% of equity;
- Substantial risk: 5% – 30% of equity;
- Going-concern risk: up to 30% of equity.

The financial impact presented above is after considering the effects of any countermeasures undertaken. —— The probabilities used in the assessment of opportunities and risks are based on the following four categories:

- Very low: up to 0.2 chance of occurrence;
- Low: 0.2 – 0.4 chance of occurrence;
- Medium: 0.4 – 0.6 chance of occurrence;
- Very high: more than a 0.8 chance of occurrence.

### Financial opportunities and risks

UNIWHEELS AG is exposed to a row of financial risks, including the credit risk, liquidity risk and market risk. The financial risk management of the group concentrates on the identification of risks, their assessment and mitigation and is designed to minimise any potential impact on the financial performance and financial position of the group. To this end, derivative financial instruments are used to hedge certain risk positions. Financial risk management is performed by the Finance department. Responsibilities and the required controls related to risk management are defined by the management of the group. The Finance department works in close consultation with the operating units of the group in order to identify, assess and hedge against financial risks.

**Capital risk management** When managing its capital, the objective of UNIWHEELS AG is primarily to be in a position to service its liabilities for the long-term and to retain its financial stability. Under the terms of the syndicated loan agreement, UNIWHEELS AG is obliged to comply with certain financial covenants. These covenants and compliance with them is monitored continuously, along with the net debt and the aging structure of financial liabilities.

**Credit risk** Credit risk consists of contractual partners of UNIWHEELS AG not honouring the contractual obligations they take on in the course of business and financial transactions. They relate to deposits and other closed transactions with banks and financial institutes, but primarily result from the risk of customers defaulting on outstanding debts and transactions they have committed to. In order to minimise the credit risk on trade receivables, UNIWHEELS AG reviews the credit ratings of its new customers. In addition, it only delivers to customers whose credit ratings are insufficient or have fallen into arrears if they are willing to pay cash in advance. Moreover, the diversified customer base reduces the financial impact of credit risks. For this reason, the probability of occurrence of credit risks is considered possible but their potential financial impact is deemed to be low due to the countermeasures taken. Given the size of the company, the risk of occurrence is currently considered to be very low and as insignificant in the risk assessment.

**Liquidity-related opportunities and risks** Prudent management of liquidity risks demands holding sufficient cash reserves, ensuring the availability of sufficient finance via lines of credit and the ability to hedge market exposures. Due to the dynamic nature of the business of UNIWHEELS AG, the Finance department strives to maintain flexibility in its finance by maintaining the availability of the promised lines of credit. In the process, UNIWHEELS AG pursues the ultimate goal of ensuring the solvency of all of the entities in the group. The Finance department is responsible for liquidity management and minimising liquidity risks. As of 31 December 2015, cash and cash equivalents came to EUR 39.3 million (31 December 2014: EUR 20.8 million). In addition, UNIWHEELS AG has a total of EUR 45 million available to it via revolving credit lines extended by national and international banks, which provide it with a great degree of financial flexibility. These lines had not been drawn on as of 31 December 2015. Among other factors, UNIWHEELS AG perceives financial opportunities in its high credit ratings and solid financial position and financial performance, which will allow it to progressively reduce the cost of capital. In September 2014, UNIWHEELS AG was already able to secure greater financial headroom and its costs of capital by refinancing the group for the coming five years until 2019. The new syndicated loan replaces the previous one taken out on 26 July 2011. The existing syndicated loan agreement from September 2014 was prolonged by one year to 2020, effective 27 November 2015. The full line of finance of EUR 95 million consists of Term Loan A of EUR 50.0 million and a revolving credit facility of EUR 45.0 million. As of 31 December 2015, an amount of EUR 43.1 million had been drawn on Term Loan A and EUR 0.00 from the revolving credit facility. The amounts drawn on the syndicated loan agreement bear interest at the 3-month Euribor plus an agreed margin. On 27 November 2015 more favorable conditions were agreed on, by which the margin will range between 0.95% and 1.90% in future depending on the financial indicators of the company. The finance agreements entered into by the group contain the customary financial covenants. If these are not observed, the bank has the right to reassess the financing arrangement and demand premature repayment. Non-compliance with the terms of the loan agreements could have a potentially major impact on the company's finances. For this reason, compliance with the financial covenants is monitored constantly, in order to take suitable counteraction at an early stage and avoid any breach of the terms and conditions. The probability that liquidity risks will negatively affect the activities of UNIWHEELS AG was reduced further in comparison to the prior year by increasing the company's financial headroom. The financial covenants were complied with in 2015. The risk that the financial covenants will be breached is still deemed to be extremely low on account of the high profitability and strong cash flow from operating activities.

**Development of foreign exchange exposures** As a player on the international markets, UNIWHEELS AG operates worldwide and is therefore exposed to foreign exchange risks. The key foreign exchange exposures are perceived to lie in items denominated in the Polish zloty or the US dollar. Where there are no natural hedges, foreign exchange risks are hedged by means of forward exchange contracts and options (for the US dollar and the Polish zloty, among others). The face value of open hedging instruments as of 31 December 2015 for foreign exchange exposures amounted to EUR 102.2 million (Polish zloty) and EUR 2.2 million (US dollar). The volatility of the main currencies and particular influence of the zloty on the group's financial performance and financial position represent a not insignificant risk, which is hedged in some cases for the short term. The resulting liquidity risks are monitored continuously by the Finance department. They ensure that sufficient liquidity is available, possibly via lines of credit, to cover any cash outflows. Translation effects from translating the line items of the statement of financial position and the statement of comprehensive income of those subsidiaries that report in foreign currency are unavoidable. The euro is the functional currency of the Polish subsidiary. Nevertheless, the rising share of our business in foreign currency zones, Poland in particular, bears additional currency risks for UNIWHEELS AG. For the size of the company, the risk of occurrence is currently considered to be very high, but is deemed to be insignificant in the risk assessment on account of the existing hedge arrangements.

**Changes in interest rates** Changes in market interest rates have an impact on future interest payments on floating rate liabilities and could therefore affect the financial position and financial performance of the group. The interest risk at UNIWHEELS AG arises primarily from its long-term debt arrangements. Currently, the interest on mid-term borrowings is fixed for a period for three months. The related floating rate loans have been hedged by means of derivatives. The face value of the open hedging instruments as of 31 December 2015 to hedge interest exposures came to EUR 43.1 million. As there are currently no signs in the euro zone that monetary policy will become tighter, UNIWHEELS AG believes the risk of a rise in interest rates in the short term is unlikely. Given the size of the company, the risk of occurrence is currently considered to be very low and as insignificant in the risk assessment.

**Macroeconomic and cyclical opportunities and risks** The success of UNIWHEELS AG hinges not insignificantly on macroeconomic developments in its sales markets and from the sales of its customers. For this reason, important indicators of global economic developments are considered in the budget and in the management of opportunities and risks. In its autumn 2015 outlook, the IMF adjusted its forecast for the year 2016 downwards by 0.2% and is now projecting global economic growth of 3.4%. The weakness seen in the economies of China and other emerging markets as well as the consequences of the refugee crisis bear substantial risks.

**Industry and technological opportunities and risks** Opportunities and risks specific to the industry could arise from changes in the technology and competitive environment in which UNIWHEELS AG operates. The VDA assumes that the global market for passenger cars will grow by 2% to 78.1 million units, provided there are no major changes in the environmental parameters. Potential for growth can be identified on all three of the major automobile markets (Western Europe, China and the USA).

**Strategic opportunities and risks** The market conditions coupled with the number of new models launched by car makers as well as stabilisation in the aftermarket will have a positive impact on the financial performance and financial position of UNIWHEELS AG in 2015. For this reason, the group believes it will continue to occupy an excellent position in the automotive market and it plans to build on this position. — UNIWHEELS AG is continuing to work extensively on reinforcing and extending its market leadership in the aftermarket in Germany. However, the UNIWHEELS Group is intensifying its business activities on important foreign markets, particularly in Eastern Europe, and hopes to open up opportunities for rapid growth in these regions in future. — In terms of research and development, UNIWHEELS AG worked hard once again in 2015 on extending and specialising existing designs. In addition, focus was placed on optimising forged wheel production, allowing the company to develop new projects that are at the cutting edge of the technology. — By constructing another plant in Poland, UNIWHEELS AG is continuing on its course of expansion. The goal of these investments is to reinforce our presence on existing markets and penetrate new markets that display attractive growth potential. In addition, thanks to its global alignment, UNIWHEELS AG can locate its production in low-cost countries to secure and even improve its profitability. This consistent strategic alignment is viewed as the foundation for creating potential opportunities for the long-term. The medium-term impact of the strategy pursued by UNIWHEELS AG is therefore viewed as having a moderate impact with upside potential based on the forecast in the business planning. Nevertheless, it cannot be ruled out that mistakes are made in the strategic alignment of the group and its market potential or that customers do not accept new product developments. This could have a negative impact on our competitive position and the unit sales of the group. UNIWHEELS AG monitors the market to avoid strategic risks. For this reason, the probability of strategic risks eventuating is viewed as being very low with their potential financial impact assessed as insignificant. The corporate strategy is adjusted to the specific conditions in each sales territory. Nevertheless, the general assessment of corporate opportunities and risks is identical across all sales territories.

### Opportunities and risks on the procurements markets

**Commodity prices** The materials used by UNIWHEELS AG, aluminium in particular, are subject to the risk of fluctuation in prices. The development of prices is indirectly influenced by the state of the global economy. UNIWHEELS AG mitigates the risk of rising purchase prices by systematically managing its material and supplier risks. In this context, a powerful group-wide purchases function was established in recent years in order to leverage the economies of scale available to the group when making purchases and to remain competitive. UNIWHEELS AG protects itself from volatility on the commodity markets by entering into supply agreements with a term of up to 12 months, which minimises the risks of supply bottlenecks and makes it easier to calculate price changes. The nominal volume of open hedging transactions to protect the company against fluctuations in the prices of raw materials came to 9,100 metric tons as of 31 December 2015. Although UNIWHEELS AG believes that it is possible that commodity prices may rise on account of the growth prospects for the global economy, this should only have a minimal financial impact because of the countermeasures that have been initiated. As price changes can be passed on to customers in some cases because of the way agreements with customers are structured, even a fall in commodity prices does not represent a key success factor. For this reason, the opportunities arising from falling commodity prices are assessed to be very low, whereby a falling trend in global commodity prices is possible due to the expectations of a weak economy in China. Given the size of the company, the probability of occurrence is currently considered to be medium to very high and the risk is deemed to be insignificant in the risk assessment.

**Suppliers and dependence on key suppliers** A failure by suppliers to honour deliveries and dependence on individual key suppliers could lead to bottlenecks in the supply of materials and an associated impact on the business activity of the group. In order to minimise this risk, UNIWHEELS AG only works together with reliable, innovative suppliers who meet the high quality standards of UNIWHEELS AG. These and other key suppliers are assessed on a regular basis within the framework of our quality management. If there is any indication that a supplier will fail to deliver, alternatives are evaluated without delay. As a result of this, the likelihood of the risks of non-delivery is deemed to be possible but the extent of the potential financial impact continues to be assessed as low. However, the proactive approach, both in terms of the existing supplier base and in the search for new suppliers and materials, offers opportunities in this field. As additional streamlining is anticipated in the field of purchases in the mid-term, realisation of the potential of the measures already initiated to improve on the budgeted figures is considered possible, even if the impact is insignificant.

### Performance and administrative risks

**Quality and processes** Quality deficiencies could lead to litigation, claims for damages or the loss of customers. A key factor in securing the success of the business for the long-term lies in reliably ensuring the quality of the products to endow the products from UNIWHEELS AG with a distinctive added value for customers. Balancing cost leadership with quality assurance is a permanent challenge in this regard. This risk is mitigated by means of extensive quality assurance measures and setting uniform quality standards throughout the group as well as focussing on innovative alloys that add value and can also be designed in accordance with customer specifications. For this reason, it is considered possible that quality risks eventuate but their potential financial impact is deemed to be low due to the countermeasures taken. UNIWHEELS AG constantly strives to realise cost benefits with which it can underscore its competitive position. It is expected that our business activity will gain a positive impulse from the development and implementation of initiatives aimed at cost discipline and the continuous improvement of processes in all functions and regions as well as optimisation of supply-chain management and production processes. Due to the fact that UNIWHEELS has installed a continuous improvement process, there are opportunities not considered in the planning for positive results from such processes. This applies to all of the regions in which UNIWHEELS AG is active. The likelihood of cost reductions is deemed possible. However, as the continuous improvement of production processes has already been considered in the planning and our processes are already extremely efficient, the financial impact of a positive deviation from budget arising from improved production processes in the short term is deemed to be low. Given the size of the company, the probability of occurrence is currently considered to be very high and the risk is deemed to be insignificant in the risk assessment.

**Customer-related risks** Customer-related risks originate from the dependence on key customers who account for a not insignificant portion of our revenue. These customers could leverage their bargaining power to put more pressure on our margins. Likewise, a fall in demand or the loss of such customers could have a negative impact on the results of UNIWHEELS AG. For this reason, both the order intake and customer buying patterns are monitored within the framework of a continuous process in order to identify any customer-related risks at an early stage.

In addition, UNIWHEELS AG has a very diversified customer base, which further reduces the financial impact of customer risks. Based on this strategy and goal of continuing to develop the relevant markets, UNIWHEELS AG was able to expand its customer base in a year-on-year comparison. With its innovative solutions, UNIWHEELS AG was able to win new customers in all regions for its products. Consequently, the opportunities for surpassing the budget targets arising from a growing number of customers is considered possible but with a low impact on the results. Given the size of the company, the probability of occurrence is currently considered to be moderate and the risk is deemed to be substantial in the risk assessment.

**Opportunities and risks of human resources management** The success of UNIWHEELS AG critically depends on the motivation, innovative strengths, expertise and integrity of our employees. The activities of the Human Resources department are aimed at retaining employees and building up their core competencies. The loss of key employees and a bottleneck in suitable employees could have a negative impact on the business activity of UNIWHEELS AG. UNIWHEELS AG counters these risks by means of a comprehensive range of training and personal development programmes. The variable remuneration system fosters employee identification with the success of the company. Comprehensive rules on deputisation and allocation of tasks and duties, which promotes the exchange of knowledge, protects UNIWHEELS AG from the risks that could arise from the departure of an employee. When searching for new candidates who could make a decisive contribution to the success of the company, UNIWHEELS AG uses the services of external recruitment agencies. Due to the fact that the human resources policies of UNIWHEELS AG apply globally, the risks and opportunities are similar in the various regions in which we operate. The likelihood of personnel-related risks eventuating is deemed possible but their potential financial impact is considered insignificant on account of the sustainable human resources policies. In addition, there are opportunities available to the group from consistently promoting the personal development of its employees. UNIWHEELS AG develops its workforce by offering numerous training offers and scouting talent within the group. Moreover it offers incentives to its employees to make use of the opportunity for personal development. With these measures, UNIWHEELS AG actively promotes knowledge-sharing within the company which provides the group an opportunity for the future. The likelihood of such opportunities eventuating is deemed to be very high. However, due to the fact that the financial success of such measures is targeted to the very long-term, and goes beyond our planning horizon, we view the financial impact of this opportunity as very low. Given the size of the company, the probability of occurrence is currently considered to be very high and the risk is deemed to be insignificant in the risk assessment.

**IT-related opportunities and risks** Making information available and exchanging it promptly, completely and properly using functional and high-performance IT systems is of key importance for an innovative international player like UNIWHEELS AG. An extensive disruption could lead to an interruption of our operation or the leak of sensitive corporate data. For this reason, UNIWHEELS AG has taken suitable action to avoid or reduce such risks. The full package of these measures is embedded in our IT risk management process and is tailored to the current circumstances on an on-going basis. UNIWHEELS AG manages the IT risks it has identified by mirroring its data, storing data at remote locations and outsourcing the archiving function to a certified external provider. Employee access to sensitive information is ensured by means of a system of user authorisations tailored to the respective position and taking account of the principle of segregation of duties. IT systems used in production are mirrored to reduce the risk of an interruption. Potential risks are also addressed by planning in good time and creating suitable interim solutions. Due to the worldwide scope of the standards, the likelihood of IT risks eventuating is considered possible in all regions, but their potential financial impact is deemed to be very low. Opportunities in IT arise primarily from the upside potential of harmonising and optimising processes across all entities of UNIWHEELS AG. Given the size of the company, the probability of occurrence is currently considered to be low and the risk is deemed to be insignificant in the risk assessment.

### Regulatory Risks

**Risk of non-compliance with standards** Future changes to the law and regulations applying general business as well the laws on liability, environment, tax, customs, labour, anti-trust and fair trade and all changes to the associated standards could have a negative impact on the development of UNIWHEELS AG. Infringements of the law and regulations, but also any contractual agreements, could result in fines and penalties or claims for damages. In addition, defective products could lead to litigation and obligations to pay damages. The compliance and risk management systems we have installed ensure that the ever-changing laws and regulations are monitored and that contractual obligations are adhered to. UNIWHEELS AG counters the risk of defective products by means of its group-wide quality assurance program. As a result of this program, the likelihood of an infringement of contracts is considered unlikely and its potential financial impact as low. Legal risks that are known and to which UNIWHEELS AG is exposed to are provided for under provisions in the consolidated financial statements if it is more likely than not that they will eventuate. The group is not aware of any other significant risks. Nevertheless, the risk, although its probability is considered low, is currently deemed to be substantial.

### Macroeconomic risks

**Social standards and environmental standards** Breaches of social and environmental standards could damage the reputation of UNIWHEELS AG and trigger a need to observe additional requirements or result in claims for damages or decontamination obligations. For this reason, UNIWHEELS AG has implemented environmental management as an integral component of its corporate strategy in order to evaluate its handling of resources. In addition, UNIWHEELS AG has invested in industrial health and safety to ensure that occupational safety is continuously improved. As a result, it is thought that negative developments arising from social and environmental risks remain unlikely and that their potential financial impact is moderate. For this reason, we perceive opportunities in this field. However, in sum we believe that the measures and initiatives will have little influence on the planning. Given the size of the company, the probability of occurrence is currently considered to be moderate and the risk is deemed to be significant in the risk assessment.

### Intellectual property

Due to the position of UNIWHEELS AG, there is a risk that breaches of intellectual property rights could lead to a loss of revenue and reputation. For this reason, UNIWHEELS AG protects its brands, technologies and innovations using legal means. The potential impact is also limited by the high speed of innovation and the development of customer-specific solutions. At the same time, UNIWHEELS AG could itself infringe upon the intellectual property rights of others. For this reason, all developments are examined at an early stage to identify any patent infringements. A breach of intellectual property eventuating is deemed to be low. However, due to the countermeasures that have been initiated, the potential financial impact is assessed as insignificant. Moreover, the consistent protection of intellectual property and creation of unique selling propositions offers opportunities that could lead to a slightly better performance than that assumed in the mid-term planning.

### Assessment by the Management Board of the overall opportunity and risk profile

The overall risk position of the group arises from aggregating the individual opportunities and risks of all categories for each business unit and function. After considering the probabilities of occurrence and the potential financial impact as well as the current business prospects, the Management Board of UNIWHEELS AG does not perceive any risks that individually or in combination could pose a danger to the ability of the group as a whole or its individual entities to continue as a going concern. Taking account of the aggregate opportunities, UNIWHEELS AG is, in the opinion of the Management Board, well positioned for both the mid and the long-term, to expand its position on the market and to grow globally. This assessment is substantiated by the robust situation of the financing of UNIWHEELS AG. As in the past, UNIWHEELS AG is exposed to macroeconomic risks. Consequently, setbacks on the way towards the sustained realisation of the planned growth and profit targets cannot be ruled out. On the other hand, there are clear opportunities which can be realised by pursuing the strategy and consistently managing opportunities which arise, making it also possible that the profit targets will be surpassed. In comparison to the prior year, the foreign exchange risks and opportunities have increased and interest risks have waned. However, the changes in the individual opportunities and risks categories do not have any significant impact on the overall risk position of UNWHEELS AG. All other opportunities and risks have remained unchanged in comparison to the prior year. For this reason, UNIWHEELS AG has come to the conclusion that the overall profile of the opportunities and risks of the group has remained more or less unchanged on the prior year.

# Disclosures relevant to takeover law on takeovers pursuant to Sec. 289 (4) and Sec. 315 (4) HGB

The disclosures required by Sec. 289 (4) and Sec. 315 (4) HGB are listed below and explained.

## COMPOSITION OF SUBSCRIBED CAPITAL

The company's share capital as of 31 December 2015 amounts to EUR 12,400,000 and is divided into 12,400,000 no-par registered shares. The shares of the company are made out to the bearer (bearer shares). Each bearer share has an imputed share in capital of EUR 1.00. There is only one class of share. Each share represents one vote.

## RESTRICTIONS ON THE VOTING RIGHTS OR TRANSFER OF SHARES

The bearer shares of the company have been traded on the regulated market of the Warsaw stock exchange (Giełda Papierów Wartościowych w Warszawie S.A.) since 8 May 2015. In a transfer agreement between UNIWHEELS Holding (Malta) Ltd., acting as the transferor, and Dom Maklerski mBanku S.A., Bank Zachodni WBK S.A. and mBank S.A., dated 10 April 2015, the company agreed not, without prior approval of the joint bookrunners, Maklerski mBanku S.A. and Bank Zachodni WBK S.A., and subject to the requirements of the German Stock Corporation Act (Aktiengesetz), in the period between the date on which the transfer agreement was signed and 360 days after the share was admitted to trading on the Warsaw stock exchange:

i. to issue (including within the framework of a capital increase from authorised capital), offer, pledge or sell bearer shares of the company (or comparable securities) or convertible securities with attached rights to bearer shares of the company (or comparable securities) or enter into comparable obligations or options for such securities or other rights of purchase, take out a loan on or lend such securities or transfer directly or indirectly such securities or make any arrangement on the power of disposal over them (or announce such a transaction publicly);
ii. enter into swaps or other transactions that transfer economic title to bearer shares of the company (or comparable securities) to third parties in full or in part,

regardless of whether the transactions listed in i. or ii. above should be settled in bearer shares of the company (or comparable securities), other securities, in cash or in some other way; or

iii. to propose one of the transactions listed under i. or ii. above to its shareholders.

These restrictions do not apply to (i) the issue of new shares from authorised capital, if the subscriber to the new shares agrees to comply with the restrictions listed here; (ii) in the event that a public takeover bid or purchase offer is announced for the shares of the company, or (iii) an employee participation programme, such as a stock option programme.

In addition, as the transferor, UNIWHEELS Holding (Malta) Ltd., has agreed in the transfer agreement not, without prior approval of the joint bookrunners, Maklerski mBanku S.A. and Bank Zachodni WBK S.A. (who may not unreasonably withhold their approval), in the period between the date on which the transfer agreement was signed and 360 days after the share was admitted to trading on the Warsaw stock exchange:

i. to offer, pledge or sell bearer shares of the company (or comparable securities) or convertible securities with attached rights to bearer shares of the company (or comparable securities) or enter into comparable obligations or options for such securities or other rights of purchase, take out a loan on or lend such securities, instruct the company to carry out a capital increase (including from authorised capital) or transfer directly or indirectly such securities in some other way, or make any arrangement on the power of disposal over them (or announce such a transaction publicly);

ii. enter into swaps or other transactions that transfer economic title to bearer shares of the company (or comparable securities) to third parties in full or in part,

regardless of whether the transactions listed in i. or ii. above should be settled in bearer shares of the company (or comparable securities), other securities, in cash or in some other way; or

iii. for the purposes of carrying out a capital increase and issuing bearer shares of the company (or comparable securities) or issue rights of purchase to bearer shares of the company (or comparable securities), propose that a general shareholders meeting be called, call such a general annual general meeting, or take action with regard to calling such a meeting.

These restrictions do not apply to (i) a participation in the issue of new shares from authorised capital, if the subscriber to the new shares agrees to comply with the restrictions listed here; (ii) in the event that a public takeover bid or purchase offer is announced for the shares of the company, or (iii) an employee participation programme of the company. —— With the exception of the restrictions mentioned above and the restrictions founded in the law, there are no other restrictions on the voting rights or the transfer of shares.

## DIRECT OR INDIRECT PARTICIPATION IN CAPITAL THAT EXCEEDS A THRESHOLD OF 10% OF THE VOTING RIGHTS

At the end of the fiscal year, the following direct and indirect holdings were held in the capital of UNIWHEELS AG, which exceeded the 10% threshold of voting rights in UNIWHEELS AG:

- RALF SCHMID: 61.29% (indirect holding, allocation pursuant to Sec. 22 (1) Sentence 1 WpHG as the owner of 93.5% of the shares in UNIWHEELS Holding (Malta) Ltd. and 100% of the shares in Rasch Holding Ltd.).
- RASCH HOLDING LTD.: 61.29% (indirect holding, allocation pursuant to Sec. 22 (1) Sentence 1 WpHG as a wholly-owned subsidiary of Ralf Schmid).
- UNIWHEELS HOLDING (MALTA) LTD.: 61.29% (direct holding).

## SHARES WITH SPECIAL RIGHTS THAT PROVIDE CONTROL

There are no shares with special rights that provide rights of control. According to Art. 9 (2) of its articles, UNIWHEELS Holding (Malta) Ltd. is entitled to appoint a third of the members on the Supervisory Board, provided it is a shareholder of the company.

## EMPLOYEE PARTICIPATION IN THE CAPITAL OF THE COMPANY

There are no employee participation programmes in place.

## STATUTORY LAWS AND REGULATIONS IN THE ARTICLES ON APPOINTING AND DISMISSING MEMBERS OF THE MANAGEMENT BOARD AND AMENDING THE ARTICLES OF ASSOCIATION

The company's Management Board consists of one or several persons. The number of members sitting on the Management Board is determined by the Supervisory Board (Art. 7 (1) of the Articles). The members of the Management Board are appointed by the Supervisory Board for a maximum term of five years. The Members of the Management Board can be appointed once or multiple times (Art. 7 (2) of the Articles). Otherwise, the terms of Secs. 84 and 85 AktG apply to the appointment and dismissal of members of the Management Board. —— In accordance with Sec. 179 AktG, amendments to the Articles of Association require a resolution of the annual general meeting of the shareholders passed by a majority of at least three quarters of the share capital represented at the meeting. In accordance with Sec. 179 (1) Sentence 2 AktG in conjunction with Art. 14 of the Articles, the Supervisory Board is entitled to make amendments and supplements to the Articles of Association that only concern the wording. According to Art. 4 (3) of the Articles, the Supervisory Board is entitled, in particular, to amend the Articles in accordance with the respective use made of Authorised Capital 2015.

## RIGHTS OF THE MANAGEMENT BOARD TO ISSUE OR REPURCHASE SHARES

According to Art. 4 (3) of the Articles, the Management Board is entitled to increase the share capital of the company subject to approval from the Supervisory Board once or multiple times before 24 April 2020 by a sum total of up to EUR 6,200,000 by issuing new no-par value shares in return for cash or non-cash contribution in accordance with Sec. 202 et seq. AktG (Authorised Capital 2015). This authorisation can be exercised in instalments. The shares may be acquired by a bank or a consortium of banks on condition that they are offered to the shareholders for subscription. Moreover, the Management Board is also authorized, with the approval of the Supervisory Board, to preclude the shareholders' subscription rights:

A) to avoid fractional amounts that arise when setting the relative subscription rights in the event of a capital increase for cash contribution;
B) when it is necessary to service the rights of holders of options or convertible bonds issued by the company to subscribe to new shares to which they are entitled upon exercising their options or conversion rights and/or duties;
C) in the event of a capital increase for cash contribution of up to 10% of the share capital in order to implement a strategic cooperation with other domestic or foreign companies; or
D) if there is a quoted price on a stock exchange for the shares of the company and the issue price for the new shares is not significantly below the listed prices and the shares issued upon exclusion of the subscription rights pursuant to Sec. 203 (1) and Sec. 186 (3) Sentence 4 AktG do not exceed 10% of the share capital, neither on the date this authorisation takes effect nor on the date on which it is executed. Shares that are sold or issued, or to be issued, under exclusion of the subscription rights during the term of this authorisation and until they are exercised in direct or corresponding application of Sec. 186 (3) Sentence 4 AktG, shall be added on to this limit. The Management Board has not been empowered to purchase treasury shares in accordance with Sec. 71 (1) No. 8 AktG.

## SIGNIFICANT CORPORATE AGREEMENTS THAT ARE CONDITIONAL UPON A CHANGE OF CONTROL RESULTING FROM A TAKEOVER BID

Significant corporate agreements that are conditional upon a change of control resulting from a takeover bid consist of the syndicated loan agreement entered into on 3 September 2014 (and amended on 27 November 2015). In the event of a change in control, this agreement provides the creditors, as is customary for such agreements, with a right to terminate the loan and demand premature repayment of the loan extended to the company.

## SEVERANCE PAYMENTS TO BE PAID BY THE COMPANY TO MEMBERS OF THE MANAGEMENT BOARD OR EMPLOYEES IN THE EVENT OF A TAKEOVER

There are no agreements in place with members of the Management Board or with employees on severance payments to be paid in the event of a takeover.

## OTHER DECLARATIONS

The declaration of conformity with the German Corporate Governance Code pursuant to Sec. 161 AktG pursuant to § 289a HGB and the Statement Corporate Governance pursuant to Sec. 289 HGB can be found in the chapter on Corporate Governance in this annual report and on the website of the company at www.uniwheels.com where they have been made permamently available to the public.

UNIWHEELS AG
Bad Dürkheim, 10 March 2016

The Management Board

| | |
|---|---|
| **Dr. Thomas Buchholz** | **Dr. Karsten Obenaus** |
| Chief Executive Officer | Chief Finanical Officer |

# Consolidated Financial Statements

as of 31 December 2015, UNIWHEELS AG, Bad Dürkheim

# Consolidated statement of financial position

### of UNIWHEELS AG as of 31 December 2015

## ASSETS

| EUR k | Note | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|
| Goodwill | 14 | 923 | 923 |
| Other intangible assets | 15 | 7,998 | 6,308 |
| Property, plant and equipment | 16 | 140,438 | 114,629 |
| Investment property | 16 | 686 | 686 |
| Other non-current financial assets | 19 | 633 | 562 |
| Deferred tax assets | 12 | 35,783 | 34,744 |
| *Total non-current assets* | | *186,461* | *157,852* |
| Inventories | 17 | 56,198 | 53,830 |
| Trade receivables | 18 | 34,254 | 25,855 |
| Other current financial assets | 19 | 921 | 509 |
| Current income tax assets | | 48 | 82 |
| Other current non-financial assets | 20 | 7,317 | 4,269 |
| Cash and cash equivalents | 32 | 39,297 | 20,773 |
| *Total current assets* | | *138,035* | *105,318* |
| **Total assets** | | **324,496** | **263,170** |

## EQUITY AND LIABILITIES

| EUR k | Note | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|
| Issued capital | 21 | 12,400 | 10,000 |
| Capital reserve | 22 | 198,494 | 114,900 |
| Revenue reserves | 23 | –10,858 | –41,544 |
| Other reserves | 24 | –83 | 51 |
| *Total equity* | | *199,953* | *83,407* |
| Non-current provisions | 25.26 | 3,296 | 2,562 |
| Non-current financial liabilities | 27 | 39,659 | 73,003 |
| Non-current trade payables | 28 | 11,340 | 14,331 |
| Other non-current non-financial liabilities | | 39 | 0 |
| *Total non-current liabilities* | | *54,334* | *89,896* |
| Current provisions | 26 | 4,416 | 1,655 |
| Current financial liabilities | 27 | 10,201 | 37,860 |
| Current trade payables | 28 | 43,713 | 41,443 |
| Other current non-financial liabilities | 30 | 10,888 | 8,410 |
| Current income tax liabilities | | 991 | 499 |
| *Total current liabilities* | | *70,209* | *89,867* |
| **Total equity and liabilities** | | **324,496** | **263,170** |

# Consolidated statement of comprehensive income

### of UNIWHEELS AG for fiscal year 2015

| EUR k | Note | 2015 | 2014 |
|---|---|---|---|
| Revenue | 5 | 436,482 | 362,585 |
| Changes in inventories of finished goods and work in progress | | 1,455 | 7,672 |
| Own work capitalised | | 557 | 574 |
| *Total operating performance* | | *438,494* | *370,831* |
| Other operating income | 6 | 4,590 | 3,493 |
| Cost of material* | 7 | 262,364 | 219,678 |
| Personnel expenses | 8 | 66,012 | 57,587 |
| Other expenses* | 9 | 56,034 | 51,185 |
| Depreciation, amortisation and impairments | 10 | 14,758 | 14,188 |
| Interest income | 11 | 498 | 551 |
| Interest expense | 11 | 4,396 | 10,702 |
| Other finance revenue/costs* | 11 | 719 | 789 |
| *Profit or loss before tax* | | *40,737* | *22,324* |
| Income taxes | 12 | 51 | –446 |
| **Net profit for the year** | | **40,686** | **22,770** |
| **Items that may be recycled through profit or loss under certain conditions** | | | |
| Foreign currency translation | 24 | –5 | 5 |
| Net gains/losses from cash flow hedges | 24 | –129 | –46 |
| **Items that may not be recycled through profit or loss** | | | |
| Actuarial gains/(losses) | 24 | 0 | –1 |
| *Other comprehensive income after tax* | | *–134* | *–42* |
| **Comprehensive income** | | **40,552** | **22,728** |
| Earnings per share (EUR) | | | |
| basic | 13 | 3.52 | 2.28 |
| diluted | 13 | 3.52 | 2.28 |
| EBITDA (EUR k) | | 58,674 | 45,874 |

* comparative figures adjusted (see note 2.22)

# Consolidated statement of changes in equity

## of UNIWHEELS AG for fiscal year 2015

| EUR k | Issued capital | Capital reserve | Revenue reserves | Other reserves | Total |
|---|---|---|---|---|---|
| **1 Jan 2014** | **10,000** | **46,349** | **28,972** | **93** | **85,414** |
| Net profit or loss of the Group for the year | | | 22,770 | | 22,770 |
| Other comprehensive income after tax | | | | –42 | –42 |
| *Comprehensive income* | | | *22,770* | *–42* | *22,728* |
| Transfers from capital reserve | | –5,651 | 5,651 | | 0 |
| Non-cash contribution of shares in UPP | | 74,202 | | | 74,202 |
| Consolidation of shares in UPP | | | –98,937 | | –98,937 |
| *31 Dec 2014* | *10,000* | *114,900* | *–41,544* | *51* | *83,407* |
| Net profit or loss of the Group for the year | | | 40,686 | | 40,686 |
| Other comprehensive income after tax | | | | –134 | –134 |
| *Comprehensive income* | | | *40,686* | *–134* | *40,552* |
| Conversion of the shareholder loan from UHM | | 24,734 | | | 24,734 |
| Transaction costs | | –709 | | | –709 |
| Capital increase from public floatation | 2,400 | 59,569 | | | 61,969 |
| Dividends paid | | | –10,000 | | –10,000 |
| **31 Dec 2015** | **12,400** | **198,494** | **–10,858** | **–83** | **199,953** |

# Consolidated statement of cash flows

### of UNIWHEELS AG for fiscal year 2015

| EUR k | Note | 2015 | 2014 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/loss for the year | | 40,686 | 22,770 |
| Income tax through profit or loss | | 51 | –446 |
| Finance costs through profit or loss | | 4,396 | 10,702 |
| Interest income through profit or loss | | –498 | –551 |
| Gain/loss on the disposal of non-current assets | | –24 | 760 |
| Depreciation and amortisation of non-current assets | | 14,758 | 14,188 |
| Impairment losses on current and non-current assets | | 402 | 238 |
| Other non-cash expenses and income | | –1,098 | –1,700 |
| *Subtotal* | | *58,673* | *45,961* |
| (Increase)/Decrease of trade and other receivables | | –8,399 | –2,962 |
| (Increase)/Decrease of inventories | | –2,769 | –7,765 |
| (Increase)/Decrease of other non-financial assets | | –3,049 | 247 |
| (Increase)/Decrease of other financial assets | | –483 | 1,644 |
| Increase/(Decrease) of trade payables and other liabilities | | –721 | 4,663 |
| Increase/(Decrease) of provisions | | 3,456 | –398 |
| Increase/(Decrease) of other non-financial liabilities | | 2,478 | –2,442 |
| Increase/(Decrease) of other financial liabilities | | –2,477 | –6,082 |
| *Cash inflow from operating activities* | | *46,709* | *32,866* |
| Income taxes paid | | –581 | –585 |
| *Net cash inflow from operating activities* | | *46,128* | *32,281* |

| EUR k | Note | 2015 | 2014 |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Cash paid for investments in property, plant and equipment | | –39,571 | –13,743 |
| Cash received from disposals of items of property, plant and equipment | | 46 | 309 |
| Cash paid for investments in intangible assets | | –2,708 | –1,016 |
| Interest received | | 347 | 0 |
| *Net cash outflow from investing activities* | | *–41,886* | *–14,450* |
| **Free cash flow** | | **4,242** | **17,831** |
| **Cash flow from financing activities** | | | |
| Capital increase from public floatation | | 61,969 | 0 |
| Transaction costs | | –709 | 0 |
| Cash paid for bonds | | 0 | –44,499 |
| Cash received from loans | | 0 | 77,895 |
| Cash paid for loans | | –33,395 | –30,883 |
| Dividends paid to shareholders of the parent company | | –10,000 | 0 |
| Cash paid for interest* | | –4,603 | –8,459 |
| *Net cash inflow (prior year: outflow) from financing activities* | | *13,262* | *–5,946* |
| **Net increase in cash and cash equivalents** | | **17,504** | **11,885** |
| **Cash and cash equivalents at the beginning of the period** | 32 | **20,773** | **8,870** |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 1,020 | 18 |
| **Cash and cash equivalents at the end of the period** | **32** | **39,297** | **20,773** |

* As of 31 December 2014, this was presented under cash flow from operating activities

# Notes to the consolidated financial statements

of UNIWHEELS AG for fiscal year 2015

## 1. GENERAL

UNIWHEELS AG (hereinafter referred to as the "Company", the "Group" or "UW AG") is a German stock corporation. The Company's registered offices and headquarters are in Gustav-Kirchhoff-Str. 10, 67098 Bad Dürkheim. The Company is registered in the commercial register of Ludwigshafen am Rhein district court under HRB 64198. The principle activities of the Company and its subsidiaries are the development, manufacture and sale of alloy rims and complete wheels and other components for automobiles. — UNIWHEELS AG's parent company is Uniwheels Holding (Malta) Ltd., Sliema, Malta. The ultimate parent company of the Company is Rasch Holding Ltd., Tortola, British Virgin Islands (hereinafter referred to as "Rasch Holding"). — Upon entry in the commercial register on 24 November 2014 the legal form of UNIWHEELS Holding (Germany) GmbH was changed from a GmbH ["Gesellschaft mit beschhränkter Haftung": German limited liability company] to an AG ["Aktiengesellschaft": German stock corporation]. — UNIWHEELS AG has been listed on the Warsaw Stock Exchange since the initial public offering on 8 May 2015. UNIWHEELS AG placed 4,800,000 shares on the stock exchange of which 2,400,000 are new shares originating from an increase in subscribed capital and 2,400,000 existing shares held by the vendor shareholder. — The consolidated financial statements of the UNIWHEELS Group were prepared in accordance with the International Financial Reporting Standards ("IFRSs") as endorsed by the European Union. In addition, the provisions of German commercial law applicable pursuant to Sec. 315a (1) HGB were observed. — The Company's functional currency and the presentation currency of the consolidated financial statements is the euro (EUR). All amounts have been rounded to the nearest thousand euro (EUR k) unless indicated otherwise. — Due to rounding differences, it is possible that individual figures in these consolidated financial statements do not exactly add up to the reported totals and that the reported percentage figures do not exactly reflect the reported absolute figures.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis. This does not apply to certain derivative financial instruments, which were measured at their reporting-date fair value. Pertinent explanations are provided in the corresponding accounting policies. — Historical cost is generally based on the fair value of the consideration given in exchange for the assets. — Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. — When calculating the fair value of an asset or a liability, the Group takes into account certain characteristics of the asset or the liability (such as condition and location of the asset or limitations of sale and use) if market participants would take those characteristics into account when pricing the acquisition of the asset or transfer of the liability as of the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statement is determined on such a basis, except for:

- leases that fall within the scope of IAS 17 Leases; and
- measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

Fair value is not always available as a market price. It frequently has to be determined based on various inputs. Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. The categories are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

**Consolidation of subsidiaries** The consolidated financial statements contain the financial statements of UNIWHEELS AG and of the entities under its control (subsidiaries). The Company gains control when it:

- has power over the investee,
- is exposed or has rights to variable returns from involvement with the investee and
- has the ability to use power over the investee to affect the amount of the investor's return.

UNIWHEELS AG reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three aforementioned elements of control. — A subsidiary is included in the consolidated financial statements from the date the Company gains control until that date when the entity ceases to control the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. — Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. There are no non-controlling interests. For more information we were refer to note 3. — When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. — All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

Changes in the Group's ownership interests in subsidiaries that do not lead to a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss, calculated as the difference between

- the aggregate of the fair value of the consideration received and the fair value of any investment retained and
- the carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary, i.e., reclassified to profit or loss or directly transferred to revenue reserves.

## 2.2. Foreign currencies

When preparing the financial statements of each individual Group entity, transactions in currencies other than the Group's functional currency (foreign currencies) are translated at the rate of exchange prevailing on the transaction date. With the exception of UNIWHEELS Production (Poland) sp. z o.o. (UPP), Stalowa, Wola, Poland, the functional currency is the respective local currency. As UPP is an integrated unit, its functional currency is the euro. —— Monetary items denominated in foreign currency are translated at the respective closing rate. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing as of the date when the fair value is determined. Non-monetary items measured at historical cost translated at the exchange rate prevailing upon initial recognition. Exchange differences are recognised in profit or loss under other expenses and income in the period in which they arise. —— For the purpose of preparing consolidated financial statements, the assets and liabilities of foreign operations of the Group are translated to euro (EUR) at closing rates. Equity components are translated at the historical rate on the date they were acquired from the Group's perspective. Income and expenses are translated at the average exchange rate for the period. Exchange differences from the translation of foreign operations to the Group's currency are posted to other comprehensive income and accumulated in equity. Upon disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the Group are reclassified to profit or loss. —— The exchange rates used to translate the currencies of significance for the Group are presented in the table below:

| | | Closing rate 31 December | | Annual average exchange rate | |
|---|---|---|---|---|---|
| | 1 EUR = | **2015** | 2014 | **2015** | 2014 |
| Poland | PLN | 4.26 | 4.26 | 4.18 | 4.18 |
| Sweden | SEK | 9.18 | 9.43 | 9.35 | 9.08 |

## 2.3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, and similar deductions.

**2.3.1. Sale of goods** The Company generates revenue from the sale of goods which is recognised when the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

**2.3.2. Rendering of services** Revenue from service agreements is recognised by reference to the stage of completion of the transaction to the extent that the outcome of a transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when the amount of revenue as well as the costs incurred or to be incurred in respect of the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

**2.3.3. Interest income** Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset upon initial recognition.

## 2.4. Income taxes

Income tax expense represents the total amount of current and deferred tax expenses. —— Current or deferred taxes are recognised in the statement of profit or loss unless they relate to items that are recognised either in the statement of comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly into equity respectively. If current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**2.4.1. Current tax** The current tax expense is determined based on taxable profit for the year. Taxable profit differs from the profit for the year as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for the current tax expense is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

**2.4.2. Deferred tax** Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit as well as on unused tax losses and interest carry-forwards. Deferred tax liabilities are generally recognised on all temporary differences. Deferred tax assets are recognised when it is more likely than not that taxable income will be available against which deductible temporary differences, unused tax losses and interest expenses carried forward can be offset. The probable utilisation is based on the four-year-planning of the respective entity taking into account the loss history. Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the profit for the year. — Deferred tax liabilities are recognised for taxable temporary difference associated with investments in subsidiaries, unless the Group is able to control the reversal of the temporarily difference and it is probable that the temporary difference will not reverse in the foreseeable future. — Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries are only recognised to the extent that it is probable that sufficient taxable profit will be available against which the temporary differences can be utilised and it is expected that the temporary differences will reverse in the foreseeable future. — The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to recover all or part of the deferred tax assets. — Deferred taxes are determined on the basis of the tax rates that are expected to apply at the time that the liability is settled or the asset recovered. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

## 2.5. Earnings per share

Basic earnings per share is calculated by dividing the net profit after tax attributable to the shareholders of the parent company by the weighted average number of shares in circulation during the fiscal year. Diluted earnings per share is calculated on the assumption that all potentially dilutive securities and share-based compensation plans have been converted into shares or exercised respectively. In fiscal year 2015, there were no circumstances leading to a dilution of the earnings per share.

## 2.6. Goodwill

Goodwill resulting from a business combination is recognised at cost less any impairment losses. — For the purpose of impairment testing, goodwill is allocated upon acquisition to each of the Group's cash-generating units that is expected to benefit from the synergies of the business combination. — Cash-generating units to which a portion of goodwill was allocated are tested for impairment annually, or more frequently when there is an indication that a unit might be impaired. If the recoverable amount (the higher of value in use and fair value less costs to sell) of the cash-generating unit is less than the carrying amount, an impairment loss is charged. The impairment loss is allocated first to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit pro rata on the basis of the carrying amount of each asset in the unit. —— Impairment losses on goodwill are recognised in profit or loss. Impairment losses charged on goodwill cannot be reversed in future periods. —— Upon disposal of a cash-generating unit the attributable amount of goodwill is included when determining the gain or loss on disposal.

## 2.7. Intangible assets

Other intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses. Amortisation is charged on a straight-line basis. The expected useful lives and amortisation methods are reviewed annually and all necessary changes in estimates are taken into account prospectively. —— Amortisation was calculated based on the following useful lives:

| | |
|---|---|
| Rights and licenses (without hereditary building rights) | 3–7 years |
| Hereditary building right | 99 years |
| Software | 3–10 years |

With the exception of goodwill, the Group does not have any intangible assets with indefinite useful lives. —— An intangible asset is derecognised when no future economic benefits are expected from its use or disposal. The gain or loss on disposal of an intangible asset is posted to profit or loss upon derecognition of the asset. —— In 2015, the brand "UNIWHEELS", the legal owner of which was Ralf Schmid, was transferred to the UNIWHEELS Group free of charge. Prior to the transfer, the UNIWHEELS Group had the unlimited non-exclusive right to use the brand without paying license fees. As a consequence of the fact that the Company did not have the exclusive rights to the UNIWHEELS brand and that the brand had not been used in the public domain, it is carried at a value of EUR 0 and not recognised in the statement of financial position.

## 2.8. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes all costs allocable to the production process as well as an appropriate portion of production-related overheads. The cost of repairing and maintaining property, plant and equipment is generally expensed. Such cost is only recognised if it leads to a major extension or significant improvement in the respective asset. Property plant and equipment are depreciated on a straight-line basis, unless another depreciation method more closely reflects the pattern of consumption of economic benefits. The expected useful lives, residual values and depreciation methods are reviewed at each reporting date. Any necessary changes in estimates are taken into account prospectively. —— The following economic useful lives were used to determine depreciation on property, plant and equipment:

| | |
|---|---|
| Buildings | 15–50 years |
| Technical equipment and machinery | 3–20 years |
| Other equipment, operating and office equipment | 3–20 years |

Land does not have a finite useful life and is not depreciated. —— Assets held under finance leases are depreciated over their expected useful lives using a depreciation policy that is consistent with that for similar assets owned by the Group. However, if it is reasonably certain that ownership will pass to the lessee, the assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. —— An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continuing use or disposal. The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is posted to profit or loss.

### 2.9. Impairment of property, plant and equipment and intangible assets other than goodwill

At each reporting date, the Group reviews the carrying amount of property, plant and equipment and intangible assets to determine whether there are any indications for impairment. In the event of any such indication, the recoverable amount of the asset is determined. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. If an asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is not tested for impairment individually but rather as part of the cash-generating unit to which it belongs. —— If an impairment loss has to be recognised, this corresponds to the amount by which the carrying amount of the asset or cash-generating unit exceeds its recoverable amount. If it is not possible to determine the value in use, the recoverable amount corresponds to the asset's fair value less costs to sell. The value in use is determined by discounting estimated future cash flows. If there are indications that the reasons for recognising an impairment loss no longer exist, the Company reviews whether the impairment loss needs to be reversed in part or in full. Intangible assets with indefinite useful lives and those that are not available for use are tested for impairment at least annually or whenever there is an indication of impairment. —— When the estimated recoverable amount of an asset or cash-generating unit falls below its carrying amount, the carrying amount of the asset or cash-generating unit is written down to the recoverable amount. The impairment loss is immediately recorded as an expense. If the impairment loss reverses in a later period, the carrying amount of the asset or cash-generating unit is written up to the revised estimate of the recoverable amount. The increase in the carrying amount cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised directly in profit or loss.

## 2.10. Investment property

Investment property is property held to earn rentals or for capital appreciation or both. This also includes property under construction for such purposes. Investment property is measured initially at cost, including transaction costs. Investment property is subsequently measured using the cost model in IAS 16. — An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from disposal of investment property are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the period of disposal.

## 2.11. Leases

A lease is classified as a finance lease if substantially all risks and rewards incidental to ownership are transferred to the lessee. All other leases are classified as operating leases. The Group only acts as lessee under operating and finance leases. — Finance lease assets with the Group as lessee are recognised at the inception of the lease as assets at the lower of the fair value of the leased assets or the present value of minimum lease payments. The corresponding obligation to the lessor is reported in the consolidated statement of financial position as a finance lease liability. — Lease payments are thus apportioned between the finance charge and the reduction of the lease liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The finance charge is recognised directly in the statement of profit or loss. — Rent payments under operating leases are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the Group's benefit.

## 2.12. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is measured using the first-in-first-out (FIFO) method or the average cost method. Costs include allocable direct costs and overheads. Net realisable value is the estimated selling price of the inventories, less estimated costs of completion and the costs necessary to make the sale.

## 2.13. Financial instruments

**2.13.1. Classification and measurement** A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. — The Group's financial assets essentially comprise cash and cash equivalents, trade receivables, loans and derivatives with a positive market value. The financial liabilities essentially comprise loan liabilities, trade payables and derivatives with a negative market value. — Financial assets are initially measured at fair value plus transaction costs, with the exception of financial instruments held for trading, whose transaction costs are recognised immediately in profit or loss. Financial liabilities are initially measured at fair value plus directly attributable transaction costs, with the exception of financial instruments held for trading, whose transaction costs are recognised immediately in profit or loss. Financial instruments are classified upon initial recognition into the following categories:

- Financial instruments held for trading (financial instruments at fair value through profit or loss)
- Held-to-maturity investments
- Available-for-sale financial assets
- Loans and receivables
- Other financial liabilities

Classification depends on the nature and purpose of the financial instrument. Financial assets are recognised and derecognised as of the trade date in the case of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. —— Financial instruments classified as **HELD FOR TRADING** are measured at fair value. Any gain or loss on measurement is recognised in profit or loss. At the Company this mainly pertains to derivatives. —— **HELD-TO-MATURITY INVESTMENTS** are measured at amortised cost using the effective interest method, less impairment. At present, the Company does not have any held-to-maturity investments. —— Financial assets classified as **AVAILABLE FOR SALE** are measured at fair value if this can be determined reliably. Unrealised gains or losses from subsequent measurement are recognised outside profit or loss in other comprehensive income. Equity investments that are not quoted on an active market and where it is impracticable to reliably measure their fair value are measured at amortised cost. At present, the Company does not have any available-for-sale financial instruments. —— **LOANS AND RECEIVABLES** are non-derivative financial assets or liabilities with fixed or determinable payments that are not quoted on an active market. Loans and receivables – including trade receivables, other receivables, bank balances and cash and others – are measured at amortised cost using the effective interest method, less any impairment. —— **OTHER FINANCIAL LIABILITIES** – including liabilities to banks and trade payables are measured at amortised cost using the effective interest method. —— The **EFFECTIVE INTEREST METHOD** is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments – including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts – through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount upon initial recognition. —— Income from debt instruments is recognised using the effective interest method, with the exception of instruments classified as at fair value through profit and loss. —— The Group does not exercise the fair value option allowed by IAS 39.

**2.13.2. Impairment of financial assets** With the exception of financial assets at fair value through profit or loss, financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired if there is objective evidence of changes with an adverse effect on the estimated future cash flows of the financial assets as a result of one or more events that occurred after initial recognition of the assets. —— For equity investments that have been classified as available for sale, a significant or prolonged decline in the fair value of the asset below its cost is objective evidence of impairment. —— For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty
- A breach of contract, such as a default or delinquency in interest or principal payments
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- The disappearance of an active market for that financial asset because of financial difficulties

For financial assets measured at amortised cost, the amount of the impairment loss corresponds to the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. —— For financial assets measured at cost, the amount of the impairment loss corresponds to the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses cannot be reversed in subsequent periods. —— An impairment loss directly reduces the carrying amount of the financial assets concerned, with the exception of trade receivables, whose carrying amount is reduced via an allowance account. If an impaired trade receivable is considered uncollectible, it is written off against the allowance account. Payments received subsequently for amounts previously written off are also posted to the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. —— If, in a subsequent fiscal year, the amount of the impairment loss on a financial asset measured at amortised cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. However, the adjusted carrying amount may not exceed the amortised cost that would have been carried had no impairment been recognised.

**2.13.3. Derecognition of financial instruments** The Group derecognises a financial asset when, and only when, the contractual rights to receive cash flows from the financial asset expire or the Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to a third party. —— On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss. —— The Group derecognises financial liabilities when, and only when, the obligation under the liability is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is posted through profit or loss

## 2.14. Derivative financial instruments

The Group has entered into a number of derivative financial instruments to steer its interest risks, currency risks and commodity price risks. These include forward exchange contracts, interest swaps and commodity swaps. More information can be found on derivative financial instruments in notes 19, 27 and 31. — Derivative financial instruments are initially recognised at fair value on the date they are entered into and remeasured at fair value on each reporting date. The resulting gains or losses are posted through profit or loss immediately unless the derivative is part of a designated hedge that is effective. In this case, the time at which gains and losses from fair value measurement are recognised depends on the nature of the hedge.

## 2.15. Hedge accounting

The Group has designated some individual hedging instruments as cash flow hedges. — The relationship between the underlying and the hedging instrument is documented at the inception of a hedge relationship, including the aims of risk management and the Group's strategy on which the hedge relationship is based. Moreover, regular documentation is kept, both at the inception of the hedge and during its term, of how effective the hedge is at offsetting changes in the cash flows of the underlying attributable to the hedged risk. — Disclosures on the fair values of the derivatives used for hedging purposes can be found in note 31. — The effective portion of the change in the fair value of the derivatives that are suitable as cash flow hedges and designated as such is presented in other comprehensive income as net gains/losses from cash flow hedges. The ineffective portion of the gain or loss on the hedge is posted through profit or loss and presented under other finance revenue/costs in the income statement. — Amounts posted to other comprehensive income are recycled to profit or loss in the period in which the underlying is released to profit or loss. The gain or loss is posted to the same line item of the income statement that the underlying is posted to. — Hedge accounting ends when the Group discontinues the hedge relationship, the hedging instrument expires, is sold, terminated or exercised or is no longer suitable for hedging purposes. The full amount of any gains or losses accrued under other comprehensive income at this time remain in equity and are only posted through profit or loss when the expected underlying transaction is also posted through profit or loss. If the underlying transaction is no longer expected, the entire gain or loss is recycled immediately through profit or loss.

## 2.16. Cash and cash equivalents

Cash on hand and bank balances are measured at acquisition cost. They comprise cash held and any bank deposits that are available on call.

## 2.17. Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the amount received upon issue less any directly allocable transaction costs. Transaction costs are costs that would not have been incurred had the instrument not been issued.

## 2.18. Post-employment benefits

The Company maintains both defined contribution plans and defined benefit plans. —— Payments made to DEFINED CONTRIBUTION PLANS are recorded as expenses when the employee has rendered service entitling him or her to receive the benefit. —— The obligations under the DEFINED BENEFIT PLANS are measured using the projected unit credit method which reflects the present value of the vested benefit obligations calculated on the basis of actuarial principles. The defined benefit obligation (DBO) is determined by means of actuarial reports that are obtained annually and use inputs such as future salary and pension trends as well as biometric inputs.

## 2.19. Other non-current employee benefits

Provisions for long-service bonuses are generally calculated on the basis of actuarial principles. Commitments to top up any phased retirement agreements (“Altersteilzeitverträge”) entered into are accrued over the term of the plan, terminating at the latest on the date that the release from active service ends. If the Company carries any plan assets as defined by IAS 19.8, they are offset against the obligation, thereby reducing the balance sheet total.

## 2.20. Other provisions

Provisions are created when the Group has a present obligation (legal or constructive) from a past event that will lead to an outflow of resources embodying economic benefits to settle the obligation and it is possible to reliably measure the obligation. —— The amount of the provision is the best estimate on the reporting date of the economic benefits to be surrendered to settle the present obligation. This should consider any inherent risks or uncertainties. If a provision is measured on the basis of estimated cash flows that are needed to settle the obligation, these cash flows should be discounted to net present value if the time effect of money is material. —— If it can be assumed that some or all of the economic benefits needed to settle an obligation will be reimbursed by a third party, then these amounts are recognised as assets if reimbursement is more likely than not and the amount can be reliably measured. —— Present obligations related to ONEROUS CONTRACTS are provided as a provision. An onerous contract is presumed to exist when the Group is party to a contract that is expected to lead to unavoidable costs to perform the contract which exceed the inflow of economic benefits from the contract. —— Provisions for the expenses expected from WARRANTY OBLIGATIONS under the German law on the sale of goods are provided for upon the date of sale of the products concerned at the best management estimate of costs expected to meet the Group’s obligation. —— Provisions for the expected costs of RESTORATION OBLIGATIONS represent elements of historical cost. Thus upon initial recognition provisions are created by debiting other comprehensive income directly. Restoration obligations related to operating leases in which the asset can be allocated to the lessor and therefore do not qualify as elements of the historical cost of the asset are recognised as provisions by debiting expenses with the commencement of use of the asset taken as the triggering event.

## 2.21. Estimation uncertainties and discretionary judgements

When applying the Group's recognition and measurement policies as described above the management must assess matters, make estimates and discretionary judgements with reference to the carrying amounts of assets and liabilities that cannot be simply obtained from other sources. The estimates and underlying assumptions are made on the basis of past experience and other factors that are considered relevant. The actual values could differ from the estimates. — The assumptions on which such estimates are based are reviewed on a regular basis. Changes to estimates that only affect one reporting period are only considered in this period. However, if the changes affect both the current period and subsequent periods, these are considered in the current period and subsequent periods.

**2.21.1. Significant exercise of judgement and estimates when applying accounting policies** The cases where management has exercised significant judgment in the course of applying the accounting policies of the Company are presented below as well as the impact these judgements have on the amounts presented in the consolidated financial statements. Judgments containing estimates have not been included in this presentation (see note 2.21.2).

TREATMENT OF UPP/ULP AS A BUSINESS COMBINATION UNDER COMMON CONTROL IFRS do not set any explicit rules for accounting for transactions under common control. The Company accounted for the acquisition of UPP (in 2014) and UNIWHEELS Logistik (Poland) Sp. z o.o. (ULP), Wykroty, Poland, (in 2013) using the pooling of interests method. The consequence of this method was that the assets and liabilities of the entities involved in the transaction were measured in the consolidated financial statements of UNIWHEELS AG from 1 January 2012 onwards as if they were reported in the consolidated financial statements of the controlling shareholder. As a result, the assets and liabilities of UPP/ULP were rolled forward at their carrying amounts. For this reason, there was no need to conduct a purchase price allocation and recognise goodwill at the time of the business combinations in 2014 and 2013. All the effects from recording the acquisition of UPP in the accounts were posted directly to equity subsequent to the acquisition of the remaining 52% of the shares in 2014. Please see note 3 for more comments.

ACCOUNTING FOR LEASES Group entities are lessees within the framework of a number leases. The assessment to be made when classifying leases as finance leases or operating leases as to whether the risks and rewards incidental to ownership lie with the Group is a discretionary judgement of management.

**2.21.2. Main sources of estimation uncertainty** The key assumptions concerning the future, and other key sources of estimation uncertainty on the reporting date that bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

**IMPAIRMENT OF GOODWILL** In order to determine whether goodwill is impaired, it is necessary to assess the value-in-use of the cash-generating-unit to which the goodwill is allocated. The calculation of the value-in-use requires an assessment of the future cash flows from a cash-generating unit and a suitable discount rate for the calculation of net present value. If the actual future cash flows are less than initially estimated, this could result in the need to record a significant impairment loss. — The carrying amount of goodwill amounted to EUR 923k as of 31 December 2015 (31 December 2014: EUR 923k). More details on goodwill can be found in note 14.

**RECOGNITION AND MEASUREMENT OF OTHER PROVISIONS** The recognition and measurement of other provisions are based on expectations of the future outflow of benefits, past experience and the circumstances known as of the reporting date. The actual outflow of benefits may therefore differ from the amount recognised under other provisions. The carrying amount of other provisions amounted to EUR 7,443k as of 31 December 2015 (31 December 2014: EUR 3,986k). Other details on other provisions can be found in note 26.

**RECOGNITION OF DEFERRED TAX ASSETS ON TAX CREDITS, UNUSED TAX LOSSES AND INTEREST EXPENSES CARRIED FORWARD** Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. — Deferred tax assets are recognised for the tax exemptions available to the subsidiary based in the Stawola Wola special economic zone to the extent that it is probable that taxable profit will be available against which the tax exemptions can be utilised. Likewise, deferred tax assets are recognised on unused tax exemptions and interest expenses carried forward on the basis of an estimate. This estimate is derived from the planning projections of the available taxable income, taking account of the minimum taxation ruling. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. — As of 31 December 2015, the carrying amount of deferred tax assets recognised on tax credits amounted to EUR 29,728k (31 December 2014: EUR 34,684k). As of 31 December 2015, the carrying amount of deferred tax assets recognised on tax credits amounted to EUR 4,627k (31 December 2014: EUR 0k). Other details on deferred taxes can be found in note 12.

## 2.22. Standards to be adopted in the fiscal year and changes in presentation

The Company adopted the following new or amended standards in the reporting period.

| Standard/Amendment/ Interpretation | Content | Mandatory pursuant to IASB from | Mandatory in the EU from |
|---|---|---|---|
| IFRIC 21 | Levies | 1 Jan 2014 | 17 June 2014 |
| Annual IFRS Improvement Process | 2011–2013 cycle | 1 Jul 2014 | 1 Jan 2015 |

There is no significant impact on the disclosures or amounts presented in the consolidated financial statements from applying these amendments. — In the course of harmonising the internal and external financial reporting, the presentation of income and expenses from hedge transactions for trades in aluminium was changed in some respects for the fiscal year 2015 (1). Any realised changes in value are now presented under the cost of material (previously: financial result) with any unrealised changes in value remaining in other financial expenses. In addition, (2) expenses from repairs and other personnel expenses are presented in other expenses (previously: cost of material). The prior-year figures were adjusted accordingly. The change in presentation did not have any impact on either equity or the net income for the period.

| EUR k | Prior to restatement | Changes in presentation | After restatement |
|---|---|---|---|
| **2014** | | | |
| **Cost of material** | **224,085** | **–4,407** | **219,678** |
| Expenses from financial instruments (1) | | 954 | |
| Expenses for repairs (2) | | –4,820 | |
| Other personnel costs (2) | | –541 | |
| **Other expenses (2)** | **45,824** | **5,361** | **51,185** |
| **Other finance revenue/costs (1)** | **–165** | **–954** | **789** |

## 2.23. New standards and interpretations that are not yet mandatory

The following new and amended standards have already been issued by the IASB but have not yet become mandatory. The Company has not early adopted these standards.

| Standard/Amendment/ Interpretation | Content | Endor-sement | Mandatory pursuant to IASB from | Mandatory in the EU from |
|---|---|---|---|---|
| IFRS 9 | Financial Instruments | No | 1 Jan 2018 | undecided |
| IFRS 14 | Regulatory Deferral Accounts | No | 1 Jan 2016 | Adoption not suggested |
| IFRS 15 | Revenue from Contracts with Customers | No | 1 Jan 2018 | undecided |
| IFRS 16 | Leases | No | 1 Jan 2019 | undecided |
| Amendments to IFRS 10, 12, IAS 28 | Investment Entities: Application of the Exemption from Consolidation | No | 1 Jan 2016 | undecided |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | No | postponed by the IASB for an indefinite period | undecided |
| Amendments to IFRS 11 | Accounting for Acquisitions of Interests in a Joint Operation | Yes | 1 Jan 2016 | 1 Jan 2016 |
| Amendments to IAS 1 | Disclosure Initiative | Yes | 1 Jan 2016 | 1 Jan 2016 |
| Amendments to IAS 7 | Disclosure Initiative – Reconciliations of Liabilities from Financing Activities | No | 1 Jan 2017 | undecided |
| Amendments to IAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses | No | 1 Jan 2017 | undecided |
| Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation | Yes | 1 Jan 2016 | 1 Jan 2016 |
| Amendments to IAS 16 and IAS 41 | Agriculture: Bearer Plants | Yes | 1 Jan 2016 | 1 Jan 2016 |
| Amendments to IAS 19 | Employee Contributions | Yes | 1 Jul 2014 | 1 Feb 2015 |
| Amendments to IAS 27 | Equity Methods in Separate Financial Statements | Yes | 1 Jan 2016 | 1 Jan 2016 |
| Annual IFRS Improvement Process | 2010–2012 cycle | Yes | 1 Jul 2014 | 1 Feb 2015 |
| Annual IFRS Improvement Process | 2012–2014 cycle | Yes | 1 Jan 2016 | 1 Jan 2016 |

The above (amendments and additions to the) Standards and Interpretations will be applied by the UNIWHEELS Group – subject to endorsement by the EU – on the date on which they first become mandatory.

**IFRS 9 Financial Instruments** In July 2014, IASB published the final version of IFRS 9. In comparison to the preceding standard, IAS 39, this standard sets a new classification model for financial assets. The subsequent measurement of financial assets is based on two categories with different measurement bases and a different approach to measuring changes in value. The categories are based on the contractual cash flows of the instrument and the business model carrying the instrument.

Depending on the degree to which these conditions are fulfilled, subsequent measurement is as follows:

- at amortised cost using the effective interest rate method
- at fair value with gains or losses being posted through other comprehensive income
- at fair value with gains or losses being posted through profit or loss.

A financial asset is only measured at fair value through profit or loss when it cannot be classified to one of the other categories. — In addition, reporting entities may apply the fair value through profit or loss option or a fair value through other comprehensive income option if certain conditions are met. — With regard to financial liabilities the existing rules have been largely retained unchanged in IFRS 9. The only significant novelty relates to the fair value option for financial liabilities. Fair value fluctuations on the basis of changes in the risk of the reporting entity's own credit risk are to be posted directly to other comprehensive income unless doing so would create an accounting mismatch. — In addition, IFRS 9 has established a new model for impairments. This shifts the focus onto an earlier recognition of risk. IFRS 9 provides for three levels of recognising expected losses and interest revenue in future. Upon initial recognition any losses expected are to be recognised at the net present value of the expected loss in the 12 months after the reporting date (level 1). If there is a significant increase in the credit risk associated with the financial instrument, then an allowance should be made for the full lifetime expected credit losses (level 2). Finally, upon objective evidence of an impairment, interest revenue is calculated by applying the effective interest rate to the amortised cost balance, which comprises the gross carrying amount adjusted for any loss allowance (level 3). Exceptions from the basic impairment model are made, for example for trade receivables. A simplified impairment model is provided for these instruments by which a risk allowance is to be recognised at the amount of the expected losses over the residual term of the instrument, regardless of the credit rating. This means that such instruments are automatically measured at level 2 and transferred to level 3 if there is any objective indication of an impairment. Allocation to level 1 is prohibited. — Currently, management of the Company is reviewing what impact the new standard will have on the processes, IT and consolidated financial statements of the Group. With respect to most financial instruments, management believes that their classification in compliance with IFRS 9 will not lead to a change in valuation compared to IAS 39. Likewise, no changes are expected to the measurement of impairment losses using the expected loss model pursuant to IFRS 9. Generally, management assumes that the disclosures in the notes on financial instruments will need to be expanded in certain points on account of more detailed standards. Management is currently examining the impact of the treatment of hedge accounting and cannot make any more exact statement at this stage.

**IFRS 15 Revenue from Contracts with Customers** In May 2014, the IASB published a new standard containing one all-encompassing model for the recognition of revenue from contracts with customers. The core principle of this model is that an entity recognises revenue when the transfer of promised goods or services to customers is completed. Thus revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled. The management currently assumes that there will not be a significant impact from the application of IFRS 15 on the revenue recognition of the UNIWHEELS Group.

**IFRS 16 Leases** IFRS 16 governs the recognition of leases and replaces the preceding standard IAS 17. According to the new standard there is now a duty for the lessee to recognise the rights and obligations arising from leases. Consequently, the lessee will recognise the rights attached to the leased asset as a right-of-use asset and a corresponding lease liability. The provisions of IFRS 16 apply separately to each contract. However, both the lessor and the lessee have the opportunity under certain circumstances to apply portfolios instead of applying an item-by-item approach. These are then subject to the requirements of IFRS 16. In addition, there are allowed alternative treatments for lessees in isolated cases with regard to short-term leases and agreements on low-value assets. — For lessors, the distinction between finance leases and operating leases remains under the new standard. — In addition to changes in the accounting treatment, IFRS 16 also extends the disclosures required from both lessors and lessees. — The management is currently reviewing what impact the adoption of IFRS 16 will have on the UNIWHEELS Group in the future. — It has been decided to refrain from making a more detailed presentation of new or amended standards and interpretations as the impact of their adoption on the presentation of financial position, financial performance and cash flows of the Group is expected to be immaterial.

## 3. DISCLOSURES ON SUBSIDIARIES

The Group comprises the following entities:

| Entity | Code | Domicile | Main business |
|---|---|---|---|
| **Fully consolidated domestic entities** | | | |
| ATS Leichtmetallräder (Germany) GmbH | ATS LM | Bad Dürkheim/ Germany | Production of aluminium wheels |
| UNIWHEELS Leichtmetallräder (Germany) GmbH | UWLM | Bad Dürkheim/ Germany | Distribution of aluminium wheels |
| UNIWHEELS Automotive (Germany) GmbH | UAG | Bad Dürkheim/ Germany | Development of aluminium wheels |
| UNIWHEELS Investment (Germany) GmbH | UIG | Bad Dürkheim/ Germany | Holding company |
| UNIWHEELS Production (Germany) GmbH | UPG | Bad Dürkheim/ Germany | Production and distribution of aluminium wheels |
| UNIWHEELS OEM (Germany) GmbH | UOG | Bad Dürkheim/ Germany | Distribution of aluminium wheels |
| **Fully consolidated foreign entities** | | | |
| UNIWHEELS Production (Poland) Sp. z o.o. | UPP | Stalowa Wola/ Poland | Production and distribution of aluminium wheels |
| UNIWHEELS Trading (Sweden) AB | UTSE | Jönköping/ Sweden | Distribution of aluminium wheels |

| Entity | Currency | Voting rights and shareholding 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|---|
| **Fully consolidated domestic entities** | | | |
| ATSLM | EUR | 100% | 100% |
| UWLM | EUR | 100% | 100% |
| UAG | EUR | 100% | 100% |
| UIG | EUR | 100% | 100% |
| UPG | EUR | 100% | 100% |
| UOG | EUR | 100% | – |
| **Fully consolidated foreign entities** | | | |
| UPP | EUR | 100% | 100% |
| UTSE | SEK | 100% | 100% |

In the course of spinning off the OEM distribution to a separate entity, UNIWHEELS OEM (Germany) GmbH was founded effective retroactively to 1 July 2015. UOG is a newly founded company. The spin-off was entered in the commercial register on 1 October 2015. As a transaction internal to the Group, this event did not have any effect on the financial position and financial performance of UW AG. —— UW AG directly holds 100% of the domestic subsidiaries, while it has an indirect holding of the fully consolidated foreign entities. Thus the shares in UPP are held by UIG and the shares in UTSE by ATS LM. —— All subsidiaries were fully consolidated in the consolidated financial statements (31 December 2015: 8; 31 December 2014: 7). There were no associates or joint ventures. —— As in the prior year, UNIWHEELS Investment (Germany) GmbH (UIG) holds 100% of UNIWHEELS Production (Poland) Sp. z o. o. (UPP) as of 31 December 2015. UNIWHEELS Investment (Germany) GmbH (UIG) is a wholly owned subsidiary of UNIWHEELS AG (UW AG). Until 10 June 2014, UNIWHEELS Holding (Malta) Ltd. (UHM) held 52% in UPP. UHM is the sole shareholder of UW AG. —— By contract dated 10 June 2014, UHM sold 1,700 of the 6,800 shares it held in UPP to UW AG. In this context, UW AG was granted a loan of EUR 24.7 million which was recognised in non-current financial liabilities (see note 27). The loan is subject to interest of 4.5% p.a. It was converted into equity in connection with the IPO on 8 May 2015. The remaining 5,100 shares in UPP held by UHM were transferred to UW AG for no consideration (non-cash contribution). Due to the acquisition, which was financed by EUR 24.7 million in shareholder loans, and full consolidation of UPP since 1 January 2012, there has been a shift between debt capital and equity capital of this amount. UW AG assigned the shares in UPP it had purchased and received to UIG for no consideration (non-cash consideration). As a result, UIG holds all the shares in UPP since 10 June 2014. As the parent company, UHG therefore indirectly holds all the shares in UPP. Both before and after the transaction, UPP is under the joint control of Ralf Schmid, who holds 93.5% of the shares in UHM and under the joint control of UHM itself. The transaction described above therefore qualifies as a transaction under common control. Due to the acquisition of shares in UPP by UW AG and UIG in 2014, respectively, qualifying as a transaction under common control, they were presented retrospectively prior to the purchase as though UW AG and UIG always held 100% of the shares in UPP. Please see note 2.21.1 for more information on the accounting treatment of this transaction.

## 4. SEGMENT REPORTING

According to IFRS 8, reportable segments are to be identified on the basis of the internal reporting submitted on a regular basis to the chief operating decision-makers of the Company who evaluates how to allocate the resources of the Company to these segments and assesses their performance. — The allocation of resources and assessment of the performance of these segments is performed by the management board of the UNIWHEELS Group as the chief operating decision-maker. The UNIWHEELS Group is managed as a business unit that operates in the field of wheel production. The representatives of individual legal entities cannot act individually, i.e. the allocation of resources is performed by the management of the Group primarily with a view to its activity as a producer of wheels. It decides and acts for the UNIWHEELS Group as a whole, taking overall responsibility. The primary management indicators that are provided by the internal reporting are the unit numbers of wheels, sales revenue and earnings before interest, taxes, depreciation and amortisation. In addition, the chief decision-makers consider revenue and unit sales in the distribution channels Automotive and Accessory. In the Automotive distribution channel, the aluminium wheels are delivered to the automobile industry. In the Accessory Division, the Group supplies the European car parts market. No earnings figures are supplied for the two distribution channels. The revenue and unit sales figures are not used for allocating resources to production. — The monthly reporting is prepared at Group level. — The primary management indicators pursuant to IFRS are as follows:

| | 2015 | 2014 |
|---|---|---|
| External revenue (EUR k) | 436,482 | 362,585 |
| Unit sales (in thousands) | 7,822 | 7,228 |
| EBITDA (EUR k) | 58,674 | 45,874 |

The allocation of revenue and non-current assets to geographical regions is based on the country in which the Group entity is based. A breakdown of revenue and non-current assets (excluding financial instruments and deferred tax assets) by region follows:

| | External revenue | | Non-current assets pursuant to IFRS 8 | |
|---|---|---|---|---|
| EUR k | 2015 | 2014 | 31 Dec 2015 | 31 Dec 2014 |
| Germany | 176,544 | 140,116 | 27,992 | 28,474 |
| Poland | 259,938 | 222,367 | 122,053 | 94,072 |
| Other | 0 | 102 | 0 | 0 |
| | **436,482** | **362,585** | **150,045** | **122,546** |

Revenue and unit sales figures for wheels break down by distribution channel (Automotive and Accessory) as follows:

| | External revenue | | Unit figures | |
|---|---|---|---|---|
| EUR k/units | 2015 | 2014 | 2015 | 2014 |
| Accessory | 79,808 | 74,394 | 1,417 | 1,438 |
| Automotive | 350,781 | 283,771 | 6,405 | 5,790 |
| | **430,589** | **358,165** | **7,822** | **7,228** |

Of the revenue of EUR 436 million (2014: EUR 363 million) (see note 5), 10% or more is attributable to the following key customers:

| EUR k | 2015 | 2014 |
|---|---|---|
| Customer A | 84,707 | 64,123 |
| Customer B | 55,650 | 47,198 |
| Customer C | 45,911 | 41,602 |
| | **186,268** | **152,923** |

## 5. REVENUE

The breakdown of Group revenue for the fiscal year is as follows:

| EUR k | 2015 | 2014 |
|---|---|---|
| Revenue – Wheels | 430,589 | 358,165 |
| Revenue – Die casts | 3,459 | 2,913 |
| Revenue – Scrap | 4,819 | 4,006 |
| Revenue – Other | 1,570 | 1,323 |
| Discount allowed | –3,955 | –3,822 |
| | **436,482** | **362,585** |

## 6. OTHER OPERATING INCOME

| EUR k | 2015 | 2014 |
|---|---|---|
| Income from exchange rate gains | 2,037 | 850 |
| Income relating to other periods | 1,209 | 916 |
| Income from the reversal of provisions | 674 | 1,091 |
| Insurance indemnification | 55 | 53 |
| Income from the disposal of non-current assets | 46 | 74 |
| Income from cost allocations | 3 | 11 |
| Income from the reduction of specific valuation allowances on receivables | 0 | 35 |
| Other | 566 | 463 |
| | **4,590** | **3,493** |

## 7. COST OF MATERIAL

The cost of material breaks down as follows:

| EUR k | 2015 | 2014 |
|---|---|---|
| Aluminium (incl. strontium, titanium, boron) | 188,120 | 148,902 |
| Energy (incl. electricity, gas, water, heating) | 21,350 | 20,402 |
| Paint | 14,227 | 14,248 |
| Other cost of material | 38,667 | 36,126 |
| | **262,364** | **219,678** |

## 8. PERSONNEL EXPENSES

Personnel expenses break down as follows:

| EUR k | 2015 | 2014 |
|---|---|---|
| Wages and salaries | 56,017 | 48,485 |
| Social security and welfare | 9,983 | 9,080 |
| Pension expenses (defined benefit plans) | 12 | 22 |
| | **66,012** | **57,587** |

## 9. OTHER EXPENSES

| EUR k | 2015 | 2014 |
|---|---|---|
| Repairs and maintenance | 14,885 | 13,717 |
| Selling expenses | 9,684 | 9,405 |
| Legal expenses and consulting fees | 4,461 | 4,511 |
| Expenses for rents and leases | 3,913 | 3,954 |
| Rents of buildings and rent incidentals | 3,361 | 2,898 |
| Contributions, fees and bank charges | 2,913 | 863 |
| Cost allocations received | 2,462 | 3,573 |
| Office and administration expenses | 1,881 | 2,117 |
| Advertising and travel expenses | 1,873 | 1,565 |
| Guarantees and insurance | 1,627 | 1,219 |
| Other personnel costs | 1,340 | 1,018 |
| Costs for tools and small devices | 1,252 | 1,072 |
| Exchange rate losses | 1,244 | 19 |
| Research and development expenses | 920 | 842 |
| Recruiting | 623 | 395 |
| Vehicle fleet | 620 | 662 |
| Other taxes | 573 | 721 |
| Costs for expert reports | 518 | 596 |
| Losses on the disposal of current assets | 402 | 238 |
| Losses from the disposal of property, plant and equipment | 22 | 834 |
| Other | 1,460 | 966 |
| | **56,034** | **51,185** |

Expenses for contributions, fees and bank charges consist primarily of costs associated with the IPO of EUR 2.3 million. Most of the exchange rate losses result from unrealized exchange rate differences associated with time deposits denominated in PLN. —— Internal and external research and development expenses amounted to EUR 3,935k (2014: EUR 3,899k). In addition to the research and development expenses presented in the table, personnel expenses (see note 8) includes research and development expenses of EUR 3,015k (2014: EUR 3,057k).

## 10. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

| EUR k | 2015 | 2014 |
|---|---|---|
| Amortisation of intangible assets | 835 | 815 |
| Depreciation of property, plant and equipment | 13,740 | 13,373 |
| Impairment losses | 183 | 0 |
| | **14,758** | **14,188** |

## 11. FINANCIAL RESULT EBNIS

The financial result breaks down as follows:

| EUR k | 2015 | 2014 |
|---|---|---|
| **Interest income** | | |
| Interest income from loans and receivables | 262 | 392 |
| Interest income from provisions | 10 | 0 |
| Other interest income | 226 | 159 |
| | *498* | *551* |
| **Interest expense** | | |
| Interest expense on financial liabilities | –3,813 | –9,716 |
| Interest expense from unwinding discounted non-current provisions | –32 | –11 |
| Interest expenses from finance leases | –242 | –333 |
| Other interest expenses | –309 | –642 |
| | *–4,396* | *–10,702* |
| Gain or loss from fair value measurement of financial instruments | 719 | 789 |
| | **–3,179** | **–9,362** |

A breakdown of income from financial investments by IAS 39 measurement category follows:

| EUR k | 2015 | 2014 |
|---|---|---|
| Total interest income from financial assets measured at amortised cost | 488 | 399 |
| Total interest expenses for financial liabilities not measured at fair value | –4,364 | –10,670 |
| Change in fair value of held for trading financial instruments | 719 | 789 |
| Net interest income from non-financial assets and liabilities | –22 | 120 |
| | **–3,179** | **–9,362** |

Interest income from financial instruments measured at amortised cost is mainly comprised of interest income from loans and receivables. —— Interest expenses on financial instruments that are not measured at fair value mainly consist of interest on financial liabilities, bank loans in particular. In the prior year, this item also contained interest for the bond issued by the Group and redeemed in 2014. The redemption of the bond was initiated by a resolution dated 26 September 2014. On this basis the full outstanding volume (EUR 44.5 million) will be repaid to the creditors of the bond on 5 November 2014 at 102% of its face value plus the accumulated interest.

## 12. INCOME TAXES

### INCOME TAXES RECORDED IN THE CONSOLIDATED INCOME STATEMENT

| EUR k | 2015 | 2014 |
|---|---|---|
| **Current taxes** | | |
| Tax expense for the period | 784 | 130 |
| Adjustments to current taxes in other periods | 254 | 361 |
| | *1,038* | *491* |
| **Deferred taxes** | | |
| Deferred tax expenses recorded in the reporting year | 5,366 | 1,632 |
| Deferred tax income recorded in the reporting year | 6,353 | 2,569 |
| | *–987* | *–937* |
| **Income taxes recorded in the income statement** | **51** | **–446** |

A reconciliation between the expected tax burden and the income tax presented in the income statement follows: The calculation of the expected income tax (both current and deferred) is based on the overall German tax rate of 28.61% (2014: 28.61%). —— The tax expense for the fiscal year can be reconciled to profit or loss for the period as follows:

| EUR k | 2015 | 2014 |
|---|---|---|
| Profit or loss before tax | 40,737 | 22,324 |
| Income tax expense at a tax rate of 28.61% | 11,655 | 6,387 |
| Effects of unused tax losses and interest expenses carried forward not recognised as deferred tax assets | 0 | 2,009 |
| Utilisation of unused tax losses for which no deferred taxes had been set up | –983 | 0 |
| Effect of recognising deferred tax assets on future losses carried forward | –4,627 | 0 |
| Impact of tax credits due to the activity in the special economic zone of Stalowa Wola | –1,703 | –6,995 |
| Impact of non-deductible expenses | 520 | 815 |
| Tax-free income | –416 | 0 |
| Effects of unused temporary differences not recognised as deferred tax assets | –1,315 | 314 |
| Effect of different tax rates at subsidiaries in other jurisdictions | –3,479 | –3,068 |
| Other | 145 | –269 |
| | *–203* | *–807* |
| Adjustments to current taxes of other periods recorded in the reporting period | 254 | 361 |
| **Income taxes recorded in the income statement** | **51** | **–446** |

The calculation of deferred taxes is based on the profits distributed and retained in Germany using a uniform corporate income tax rate of 15% and the related solidarity surcharge of 5.5%. In addition to corporate income tax, trade tax is also levied on income generated in Germany. Taking account of the non-deductibility of trade tax due to the discontinuation of operations, the average trade tax rate comes to 12.78% (31 December 2014: 12.78%) resulting in an aggregate tax rate in Germany of 28.61% (31 December 2014: 28.61%). Deferred tax assets and deferred tax liabilities are measured using the tax rates that are expected to apply on the date the assets are realised or the liability settled. —— No deferred taxes were recognised on the differences between the carrying amounts in the separate IFRS financial statements and the relevant tax bases of the investments, referred to as outside basis differences, of EUR 83,789k (31 December 2014: EUR 99,276k) as the Company is able to steer the date on which the differences reverse, no distributions were planned on the respective cut-off dates and there are no plans to divest of the investments for the foreseeable future. —— The German entities are included in a consolidated tax group. UW AG is the parent company of the consolidated tax group. As the parent company, UW AG has incurred corporate income tax losses of EUR 47,082k (31 December 2014: EUR 49,615k), trade tax losses of EUR 38,532k (31 December 2014: EUR 41,706k) and interest carryforwards of EUR 54,206k (31 December 2014: EUR 55,109k). The tax losses and interest carryforwards can be offset indefinitely against future taxable profits of the entities. Due to the substantial improvement in earnings at UPG in fiscal year 2015, it can be assumed that the unused tax losses, interest expenses carried forward and temporary differences can be partially utilised in the tax planning. No deferred tax assets were recognised on temporary differences at the entities in the consolidated tax group of EUR 2,960k (31 December 2014: EUR 6,616k). For the first time, deferred tax assets of EUR 4,627k were recognised on the unused tax losses and interest expenses carried forward based on the projected taxable income over a four year planning horizon and taking account of the deferred tax assets already recognised on temporary differences and the loss history in the past. No deferred tax assets were recognised on corporate income tax losses of EUR 41,553k (31 December 2014: EUR 49,615k), trade tax losses of EUR 32,413k (31 December 2014: EUR 41,706k) and interest carryforwards of EUR 46,820k (31 December 2014: EUR 55,109k). —— In addition, the Company obtained licenses to conduct business in the special Stalowa Wola economic zone, whereby the Company receives government grants for its production activities in the form of tax credits on the annual profits it generates. UPP is exempted from paying tax. As a result, no deferred taxes are recognised on temporary differences. The tax subsidies are limited to 2017 (for three licenses) and 2026 (for four licenses). The Company is meeting the obligations underlying the operating licenses in terms of the headcount employed and the amount of capital expenditure required. Deferred tax assets of EUR 29,728k (31 December 2014: EUR 34,684k) were recognised on the expected taxable results over a four year planning horizon, applying IAS 12 by analogy. The planning horizon used in the calculation was reduced from five to four years to match the planning horizon used in the Company. This planning horizon was considered appropriate for the prospective use of the tax credits. Tax credits of EUR 47,762k (31 December 2014: EUR 40,172k) were not recognised.

**INCOME TAXES RECOGNISED IN OTHER COMPREHENSIVE INCOME** Other comprehensive income includes income taxes of EUR 52k (2014: EUR 18k) resulting from the remeasurement at fair value of hedge instruments concluded as cash flow hedges.

**DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Deferred tax assets | 36,006 | 35,358 |
| Deferred tax liabilities | –223 | –614 |
| **net** | **35,783** | **34,744** |

Analysis of deferred tax assets and liabilities as presented in the consolidated statement of financial position:

**31 DEC 2015**

| EUR k | Opening balance | through profit and loss | through other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Temporary differences from:** | | | | |
| Intangible assets | 0 | 484 | 0 | 484 |
| Property, plant and equipment | –32 | 180 | 0 | 148 |
| Trade receivables | 21 | 0 | 0 | 21 |
| Other financial assets | –11 | 11 | 0 | 0 |
| Other assets | 405 | 38 | 0 | 443 |
| Other non-current financial liabilities | –76 | –56 | 52 | –80 |
| Pension provisions | 7 | 7 | 0 | 14 |
| Other non-current provisions | 241 | 299 | 0 | 540 |
| Current financial liabilities | –177 | 41 | 0 | –136 |
| Trade payables | –299 | 293 | 0 | –6 |
| Other current provisions | –19 | 19 | 0 | 0 |
| | *60* | *1,316* | *52* | *1,428* |
| Tax losses and interest carryforwards | 0 | 4,627 | 0 | 4,627 |
| Tax credits | 34,684 | –4,956 | 0 | 29,728 |
| | **34,744** | **987** | **52** | **35,783** |

**31 DEC 2014**

| EUR k | Opening balance | through profit and loss | through other comprehensive income | Closing balance |
|---|---|---|---|---|
| **Temporary differences from:** | | | | |
| Property, plant and equipment | –32 | 0 | 0 | –32 |
| Trade receivables | 14 | 7 | 0 | 21 |
| Other financial assets | 0 | –11 | 0 | –11 |
| Other assets | 119 | 286 | 0 | 405 |
| Other non-current financial liabilities | –145 | 51 | 18 | –76 |
| Pension provisions | –9 | 16 | 0 | 7 |
| Other non-current provisions | 260 | –19 | 0 | 241 |
| Current financial liabilities | 0 | –177 | 0 | –177 |
| Trade payables | –173 | –126 | 0 | –299 |
| Other current provisions | 0 | –19 | 0 | –19 |
| | *34* | *8* | *18* | *60* |
| Tax credits | 33,754 | 930 | 0 | 34,684 |
| | **33,788** | **938** | **18** | **34,744** |

## 13. EARNINGS PER SHARE

| | 2015 | 2014 |
|---|---|---|
| **Weighted average number of shares (in thousand)** | **11,558** | **10,000** |
| *Profit after tax (in EUR k)* | *40,686* | *22,770* |
| **Earnings per share (EUR)** | | |
| basic | 3.52 | 2.28 |
| diluted | 3.52 | 2.28 |

## 14. GOODWILL

The carrying amount of goodwill of EUR 923k was allocated in full to the UNIWHEELS Automotive (Germany) cash-generating unit. It arose from the acquisition accounting of the shares in UNIWHEELS Automotive (Germany) GmbH and therefore falls under the application of IFRS 1 C4(j) in the course of the first-time adoption of IFRS. On this basis, first-time adopters of IFRS which have not consolidated a business combination in their local GAAP financial statements to date (because, for example, they have not yet prepared consolidated financial statements) must adjust the carrying amounts of the assets and liabilities in the financial statements of the subsidiary to meet IFRS requirements. The difference between the share in the adjusted carrying amounts of the entity's assets and liabilities held by the parent and the carrying amount reported in the separate financial statements of the parent company on the date of transition to IFRS is to be reported as goodwill. After spinning off UOG from UAG, the goodwill remains with the UAG cash-generating unit. — As in the prior year, impairment tests were conducted as of 31 December. The recoverable amount was determined as the value-in-use of the cash-generating unit. This was determined on the basis of the business planning ratified by the management and the corresponding cash flows for the coming four years. The terminal value was then determined by rolling forward the last year in the detailed planning phase of four years. A growth rate of 1.0% (31 December 2014: 1.0%) was assumed in the process. — The weighted average cost of capital used to discount the cash flows to present value was determined using the capital asset pricing model (CAPM). The systemic risk of the cash-generating unit was determined by making reference to a peer-group of listed companies. The weighted average cost of capital before tax used in the impairment test as of 31 December 2015 comes to 8.87% (31 December 2014: 8.57%). — The impairment test did not reveal any need to record an impairment.

## 15. OTHER INTANGIBLE ASSETS

The following table lists the carrying amount of other intangible assets on the reporting date:

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Rights and licenses | 1,329 | 767 |
| Data-processing software | 5,869 | 3,373 |
| Payments on account | 800 | 2,168 |
| | **7,998** | **6,308** |

The development of the historical cost and accumulated amortisation and impairments recorded on other intangible assets is as follows:

| EUR k | Rights and licenses | Data-processing software | Payments on account | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| *1 Jan 2014* | *994* | *7,665* | *34* | *8,693* |
| Additions | 0 | 111 | 905 | 1,016 |
| Disposals | 0 | –241 | 0 | –241 |
| Reclassifications | 0 | 76 | 1,230 | 1,306 |
| *31 Dec 2014* | *994* | *7,611* | *2,169* | *10,774* |
| Additions | 0 | 433 | 230 | 663 |
| Disposals | 0 | 0 | 0 | 0 |
| Reclassifications | 655 | 2,989 | –1,599 | 2,045 |
| **31 Dec 2015** | **1,649** | **11,033** | **800** | **13,482** |
| **Accumulated amortisation** | | | | |
| *1 Jan 2014* | *143* | *3,749* | *0* | *3,892* |
| Additions | 85 | 730 | 0 | 815 |
| Disposals | 0 | –241 | 0 | –241 |
| *31 Dec 2014* | *228* | *4,238* | *0* | *4,466* |
| Additions | 92 | 926 | 0 | 1,018 |
| Disposals | 0 | 0 | 0 | 0 |
| **31 Dec 2015** | **320** | **5,164** | **0** | **5,484** |

Capital expenditures mainly relate to software for the optimisation of production processes at UPP. —— As in the prior year, no intangible assets were pledged as collateral for liabilities.

## 16. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

The carrying amount of property, plant and equipment on the closing date is as follows:

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Land and buildings | 31,013 | 31,138 |
| Plant and machinery | 76,127 | 74,866 |
| Other equipment, furniture and fixtures | 2,425 | 2,037 |
| Payments on account and assets under construction | 30,873 | 6,588 |
| Investment property | 686 | 686 |
| | **141,124** | **115,315** |

The development of the historical cost and accumulated depreciation and impairments recorded on property, plant and equipment is as follows:

| EUR k | Land and buildings | Plant and machinery | Other equipment, furniture and fixtures | Payments on account and assets under construction | Investment property | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| *1 Jan 2014* | *38,621* | *179,529* | *7,017* | *3,095* | *692* | *228,954* |
| Additions | 47 | 615 | 554 | 14,179 | 0 | 15,395 |
| Disposals | –21 | –12,828 | –2,927 | –50 | 0 | –15,826 |
| Reclassifications | 748 | 8,426 | 155 | –10,635 | 0 | –1,306 |
| Exchange differences | 0 | –5 | 1 | –1 | –6 | –11 |
| *31 Dec 2014* | *39,395* | *175,737* | *4,800* | *6,588* | *686* | *227,206* |
| Additions | 0 | 596 | 695 | 40,325 | 0 | 41,616 |
| Disposals | 0 | –4 | –63 | 0 | 0 | –67 |
| Reclassifications | 820 | 12,977 | 198 | –16,040 | 0 | –2,045 |
| **31 Dec 2015** | **40,215** | **189,306** | **5,630** | **30,873** | **686** | **266,710** |
| **Accumulated depreciation** | | | | | | |
| *1 Jan 2014* | *7,318* | *100,812* | *5,127* | *0* | *0* | *113,257* |
| Additions | 940 | 12,046 | 387 | 0 | 0 | 13,373 |
| Disposals | –1 | –11,983 | –2,752 | 0 | 0 | –14,736 |
| Exchange differences | 0 | –4 | 1 | 0 | 0 | –3 |
| *31 Dec 2014* | *8,257* | *100,871* | *2,763* | *0* | *0* | *111,891* |
| Additions | 945 | 12,308 | 485 | 0 | 0 | 13,742 |
| Disposals | 0 | 0 | –43 | 0 | 0 | –44 |
| **31 Dec 2015** | **9,202** | **113,179** | **3,205** | **0** | **0** | **125,586** |

Property, plant and equipment with a total carrying amount of EUR 126,180k (31 December 2014: EUR 113,753k) were pledged as collateral for liabilities. This primarily relates to the collateral provided for bank loans. The Company is not entitled to pledge these assets as collateral for other liabilities. — Moreover, the creditor banks hold mortgages and land charges on the land and buildings in Bad Dürkheim, Werdohl and Stalowa Wola, Poland. — Obligations to purchase property, plant and equipment amount to EUR 48.6 million (31 December 2014: EUR 6.1 million). The increase is mainly associated with the new plant in Stalowa Wola, Poland. — In addition, the obligations of the Group arising from finance leases are secured by assigning rights to the leased assets to the lessors. The lease assets have a carrying amount of EUR 12,500k (31 December 2014: EUR 15,578k). — The property in Wykroty, Poland, is carried under investment property. The fair value measurement was determined by an independent property valuer, Dagmara Kruzel-Lisek, using the capitalised earnings method based on the prices observable on the market (level 2) and amounting to PLN 2,871k. Consequently, there is no need to record an impairment loss.

## 17. INVENTORIES

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Raw materials, consumables and supplies | 14,702 | 13,771 |
| Work in process | 13,282 | 12,094 |
| Finished goods and merchandise | 28,211 | 27,944 |
| Payments on account for inventories | 3 | 21 |
| | **56,198** | **53,830** |

Impairments of inventories amounted to EUR 1,681k (2014: EUR 883k) in the reporting period. — Of total inventories, an amount of EUR 50,842k (31 December 2014: EUR 48,689k) is pledged as collateral for liabilities. — Inventories are expected to be realised within twelve months.

## 18. TRADE RECEIVABLES

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Trade receivables | 36,028 | 27,278 |
| Impairment losses | –1,774 | –1,423 |
| | **34,254** | **25,855** |

Trade receivables do not bear interest and have differing terms of payment. Trade receivables with a total carrying amount of EUR 34,234k (31 December 2014: EUR 25,846k) were pledged as collateral for liabilities. Please see note 31.7 for more information on "Credit risk management".

### CHANGE IN VALUATION ALLOWANCES

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Opening balance** | **–1,423** | **–1,027** |
| Newly recognised allowances on trade receivables | –448 | –651 |
| Bad debts | 97 | 98 |
| Reversals of write-downs | 0 | 157 |
| **Closing balance** | **–1,774** | **–1,423** |

When measuring the recoverable amount of trade receivables any change in the credit rating of the debtor since the terms of payment were granted is considered on the reporting date. There are no notable credit risk clusters on account of the fact that the Group serves Automotive customers with top credit ratings and has a wide customer base in the Accessory business. — No change was made to the method used in the prior year to test the impairment of receivables.

## 19. OTHER FINANCIAL ASSETS

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Financial assets and financial liabilities at fair value through profit or loss** | | |
| Forward exchange contracts | 743 | 38 |
| Commodity derivatives (aluminium) | – | 49 |
| | **743** | **87** |
| **Loans and receivables measured at amortised cost** | | |
| Other | 811 | 984 |
| | **811** | **984** |
| *of which* | | |
| *Current* | *921* | *509* |
| *Non-current* | *633* | *562* |
| | **1,554** | **1,071** |

Among other items, the line item, "Other" contains claims from pension insurance, claims on employees, security deposits and creditors with debit balances.

## 20. OTHER CURRENT NON-FINANCIAL ASSETS

Other assets break down as follows:

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Tax credits (VAT) | 6,315 | 3,402 |
| Prepaid expenses | 483 | 215 |
| Other | 519 | 652 |
| | **7,317** | **4,269** |

## 21. ISSUED CAPITAL

In the prior year, the Company was transformed into a stock corporation under German law (see note 1) and as of 31 December 2015 reports a share capital of EUR 12.4 million (31 December 2014: EUR 10 million) which is fully paid in. The increase in 2015 results from the IPO on 8 May 2015 in the course of which the share capital was increased by 2,400,000 shares. A total of 4,800,000 shares were placed on the Warsaw Stock Exchange.

## 22. CAPITAL RESERVE

The capital reserve consists of the additional capital paid in by the parent company in the past beyond issued capital. The following table shows the development of the capital reserve over the relevant reporting periods:

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Opening balance** | **114,900** | **46,349** |
| Non-cash contribution of shares in UPP | 0 | 74,202 |
| Transfers from capital reserve | 0 | –5,651 |
| Conversion of the shareholder loan from UHM | 24,734 | 0 |
| Transaction costs | –709 | 0 |
| Capital increase from public floatation | 59,569 | 0 |
| **Closing balance** | **198,494** | **114,900** |

EUR 59.6 million of the change in the capital reserve in 2015 results from the issue of the new shares in 2015. Directly allocable transaction costs amounting to EUR 709k were offset against the capital reserve. — Further, the former shareholder loan of UHM was converted into equity in the course of the preparations for the IPO. Consequently the capital reserve was increased by EUR 24.7 million. — On the one hand, the change in the capital reserve in 2014 results from the transfer of UHM's shares in UPP (5,100 shares with a total value of EUR 74,202k) to UW AG for no consideration (non-cash contribution). Thereupon, UW AG transferred the shares in UPP to UIG for no consideration (non-cash contribution) (see note 3). On the other hand, an amount of EUR 5,651k was withdrawn from the capital reserve in 2014.

## 23. REVENUE RESERVES

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Opening balance** | **–41,544** | **28,972** |
| Net profit allocable to the shareholders of the parent company | 40,686 | 22,770 |
| Distributions | –10,000 | 0 |
| Acquisition of shares UPP | 0 | –98,937 |
| Additions to the capital reserve | 0 | 5,651 |
| **Closing balance** | **–10,858** | **–41,544** |

In 2015, revenue reserves increased by a total of EUR 30,686k due to the comprehensive income of EUR 40,686k. By resolution dated 17 May 2015, as shareholder of UW AG, UHM was paid a dividend of EUR 1.00 per share (total compensation: EUR 10.0 million). —— In addition to the parent company's shareholders right to the net profit for the year, the change in capital reserves in 2014 results from the reclassification from the capital reserve from the acquisition of a share of 52% in UPP. Prior to the acquisition, UW AG indirectly held 48% of the shares in UPP and was included in the consolidated financial statements of UW AG from 1 January 2012 already as it was held under common control (see note 3).

## 24. OTHER RESERVES

The following summary shows the composition of other provisions:

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Opening balance** | **51** | 93 |
| Other comprehensive income | –134 | –42 |
| *of which:* | | |
| *Foreign currency translation* | *–5* | *5* |
| *Actuarial gains and losses* | *0* | *–1* |
| *Net gains/losses from cash flow hedges* | *–129* | *–46* |
| **Closing balance** | **–83** | **51** |

**OTHER RESERVES** include actuarial gains and losses (e.g. from a change in the discount rate), results from hedges (see below) and currency translation differences from translating the functional currency of the foreign operations into the presentation currency of the Group (EUR).

Results from hedges comprise gains and losses on the effective portion of the cash flow hedges (see the comments on interest swaps in note 31.5) due to changes in the fair value of the hedges. The accumulated gain or loss from the change in the fair value of the hedging instruments, which is posted to the reserve for hedging instruments, is only recycled through profit and loss when the underlying transaction affects profit and loss. The change in the reserve for hedging instruments in the reporting year is solely due to the change in the fair value of the hedging instruments of EUR –180k (2014: EUR –64k). The deferred losses on this result amount to EUR 52k (2014: 18k).

## 25. PENSION PLANS / PENSION PROVISIONS

### a) Defined contribution plans

All employees of the German entities of the Group are members of a defined contribution plan in the form of the statutory pension scheme into which the employer must pay the contribution rate of 9.35% (2014: 9.45%) (employer's contribution) of the employee's measurement base ("rentenpflichtige Vergütung"). In addition, there is a defined contribution plan in place for the Polish subsidiary in the form of the Polish statutory pension insurance (currently at 9.76% of the wages and salaries subject to social security). — Expenses of EUR 4,365k (2014: EUR 4,346k) were recorded in the consolidated income statement for defined contribution plans.

### b) Defined benefit plans

Obligations from defined benefit plans exist primarily at UNIWHEELS Production (Germany) GmbH and UNIWHEELS Leichtmetallräder (Germany) GmbH in Germany and at UNIWHEELS Production (Poland) Sp. z o.o. in Poland. The defined obligations are due for payment upon termination of the employment relationship and thereafter in the form of regular pension payments. — The most important inputs affecting the actuarial calculation of the obligation are:

| | Measurement on | |
|---|---|---|
| | 31 Dec 2015 | 31 Dec 2014 |
| Discount rate | 0–3% | 0–3% |
| Estimated salary trend | 0–4% | 0–3% |
| Estimated pension trend | 0% | 0% |

The underlying biometric mortality rates are based on the published statistics for each state and also on experience. In Germany, the 2005 G mortality rates published by Prof. Dr. K. Heubeck were used as the biometric basis for the calculation. — The obligations of the Company from defined benefit plans as reported in the statement of financial position are as follows:

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Defined benefit obligation | 269 | 241 |
| Fair value of plan assets | 0 | 10 |
| **Net benefit obligation** | **269** | **231** |

The changes to the net present value of the defined benefit obligations in the current year are as follows:

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Opening balance of the defined benefit obligation** | **241** | **201** |
| Service cost | –6 | 26 |
| Interest expense | 24 | 6 |
| Past service cost and gains and losses from plan curtailments | 10 | 0 |
| Other | 0 | 6 |
| Gains (–) and losses (+) from remeasurement: | | |
| Actuarial gains and losses from experience-based adjustments | 0 | 2 |
| **Closing balance of the defined benefit obligation** | **269** | **241** |

As of 31 December 2015, plan assets amount to EUR 0k. In the prior year, plan assets came to EUR 10k and consisted solely of pension insurance pledged to the beneficiaries.

### Assumptions used in the measurement and sensitivity analysis

In order to determine the scope of the obligation, the interest rate is determined on the respective reporting date using the latest data from the capital markets and a best estimate of the long-term trends that are expected for salaries and pensions.

## 26. PROVISIONS

The composition and development of provisions is presented in the following table:

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Non-current provisions** | **3,296** | **2,562** |
| Current provisions | 4,416 | 1,654 |
| **Total provisions** | **7,712** | **4,216** |
| *of which:* | | |
| *Non-current pension provisions* | *269* | *241* |
| *Other non-current provisions* | *3,027* | *2,332* |
| *Other current provisions* | *4,416* | *1,654* |
| **Total other provisions** | **7,443** | **3,986** |

Reconciliation of the opening and closing balances of other provisions in the current fiscal year:

| EUR k | Benefits paid to employees | Onerous contracts | Warranties | Aluminium price adjustments – Automotive | Other | Total |
|---|---|---|---|---|---|---|
| *1 Jan 2015* | *1,665* | *670* | *999* | *0* | *652* | *3,986* |
| Additions | 1,215 | 447 | 250 | 1,087 | 1,559 | 4,558 |
| Utilisations | 162 | 87 | 161 | 0 | 21 | 431 |
| Releases | 12 | 500 | 163 | 0 | 0 | 675 |
| Interest | | | 2 | 0 | 3 | 5 |
| **31 Dec 2015** | **2,706** | **530** | **927** | **1,087** | **2,193** | **7,443** |

| EUR k | Benefits paid to employees | Onerous contracts | Warranties | Aluminium price adjustments – Automotive | Other | Total |
|---|---|---|---|---|---|---|
| *1 Jan 2014* | *1,541* | *908* | *848* | *0* | *1,297* | *4,594* |
| Additions | 275 | 197 | 338 | 0 | 446 | 1,256 |
| Utilisations | 140 | 435 | 175 | 0 | 33 | 785 |
| Releases | 23 | 0 | 12 | 0 | 1,056 | 1,091 |
| Interest | 10 | 0 | 0 | 0 | 1 | 12 |
| **31 Dec 2014** | **1,665** | **670** | **999** | **0** | **655** | **3,986** |

The provisions for **EMPLOYEE BENEFITS** comprise obligations for long-service bonuses owed to employees of UNIWHEELS Production (Poland) Sp. z o.o. who have served the Company for more than three and five years respectively, obligations from phased retirement plans that were measured on the basis of actuarial reports as well as obligations to pay bonuses. — The provisions for **WARRANTIES** are based on the best estimate made by management of the net present value of future outflows of economic benefits to settle warranty obligations entered into by the Group. The estimate was based on past experience with warranties and can fluctuate due to the use of new materials, changes to production processes or other factors affecting product quality. — The provision for **ONEROUS CONTRACTS** relates to individual onerous sales contracts that the Company cannot withdraw from. The obligation has been measured on the basis of the budgeted unit volumes and prices. — The provisions for **ADJUSTMENTS TO THE PRICE OF ALUMINIUM IN THE AUTOMOTIVE DIVISION** mainly relate to adjustments that were not made in the price of aluminium. — **OTHER PROVISIONS** mainly include provisions for legal expenses (31 December 2015: EUR 647k; 31 December 2014: EUR 555k) and for restoration obligations (31 December 2015: EUR 102k; 31 December 2014: EUR 87k) which are primarily due to the lease for the logistics centre in Bad Dürkheim with a residual term of 13 years.

## 27. FINANCIAL LIABILITIES

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| **Derivatives in an effective designated hedge and measured at fair value** | | |
| Interest derivatives | 372 | 192 |
| | *372* | *192* |
| **Derivatives held for trading and not in a designated hedge** | | |
| Forward exchange contracts | 663 | 1,380 |
| Commodity derivatives (aluminium) | 654 | 0 |
| | *1,317* | *1,380* |
| **Financial instruments in the category of other liabilities measured at amortised cost** | | |
| Liabilities to banks | 42,392 | 75,783 |
| Finance lease liabilities | 5,150 | 8,196 |
| Other loan liabilities | 0 | 24,734 |
| Other | 629 | 578 |
| | *48,171* | *109,291* |
| | **49,860** | **110,863** |
| *of which* | | |
| *Current* | *10,201* | *37,860* |
| *Non-current* | *39,659* | *73,003* |
| | **49,860** | **110,863** |

On 27 November 2015, the syndicated loan entered into on 2 September 2014 for a volume of EUR 95 million was newly concluded at improved conditions. Now the loan matures in July 2020 and has a floating interest rate. The interest rate is still based on the EURIBOR plus a mark-up that is pegged to predefined financial indicators of the Group. To secure both syndicated loans, the Group pledged its shares in UPP, UPG, UWLM, UIG and UAG as well as other assets. These are presented in the notes to the line items in which they are presented. —— The decrease in liabilities to banks in the fiscal year is due to the repayment of the credit line under the syndicated loan of EUR 27,895 million and scheduled repayments of EUR 5,500k. —— The former shareholder loan of UHM was converted into equity in the course of the IPO (see note 22). Consequently, financial liabilities decreased by EUR 24.7 million. —— The item Others mainly includes debtors with credit balances.

## 28. TRADE PAYABLES

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Trade payables | 55,053 | 55,774 |
| | **55,053** | **55,774** |
| *of which* | | |
| *Current trade payables* | *43,713* | *41,443* |
| *Non-current trade payables* | *11,340* | *14,331* |
| | **55,053** | **55,774** |

Trade payables include liabilities to affiliated companies.

## 29. FINANCE LEASE OBLIGATIONS

The Group leases certain production equipment and machinery under the terms of finance leases. The average term of the lease amounts to 4.8 years (2014: 4.9 years). The Group has the option to acquire the plant and equipment at nominal value at the end of the agreed lease. The finance lease obligations are secured by a retention of title to the leased assets by the lessor. —— The liabilities from finance leases are based on the historical interest rates applying at the inception of the respective leases and range between 1.5% and 7.5% (2014: 1.5% and 7.5%) p. a. A reconciliation of the minimum lease payments as of the reporting date to their net present values for the respective periods is presented in the following tables.

**MINIMUM LEASE PAYMENTS**

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Thereof due within one year | 3,094 | 3,492 |
| Thereof due between one and five years | 2,253 | 5,324 |
| Thereof due in more than five years | 0 | 0 |
| | *5,347* | *8,816* |
| Less: | | |
| Future borrowing costs | –197 | –620 |
| **Present value of minimum lease payments** | **5,150** | **8,196** |

**PRESENT VALUE OF MINIMUM LEASE PAYMENTS**

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Thereof due within one year | 2,973 | 3,341 |
| Thereof due between one and five years | 2,177 | 4,855 |
| Thereof due in more than five years | 0 | 0 |
| **Present value of minimum lease payments** | **5,150** | **8,196** |

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| reported in the consolidated financial statements as: | | |
| - Current liabilities | 2,973 | 3,341 |
| - Non-current liabilities | 2,177 | 4,855 |
| | **5,150** | **8,196** |

## 30. OTHER CURRENT NON-FINANCIAL LIABILITIES

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Personnel liabilities | 6,357 | 4,474 |
| Liabilities related to social security | 1,706 | 1,531 |
| VAT and other levies | 722 | 561 |
| Other | 2,103 | 1,844 |
| | **10,888** | **8,410** |

## 31. OTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

### 31.1. Capital risk management

The primary goal of capital management is to ensure that all Group entities can operate on the assumption that they are going concerns and simultaneously to maximise the income from equity investments by optimising their gearing. The overall strategy of the Group has not changed on the strategy pursued in 2014. —— Within the framework of the monthly reporting, net working capital and the equity ratio are reported to the management and the creditors of the Group. Net working capital is defined as the sum of inventories plus trade receivables less trade payables. Any deviations to budget are explained in the process. The equity ratio is defined as the sum of all components of equity divided by the balance sheet total.

Net working capital at the end of the year can be presented as follows:

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Inventories | 56,198 | 53,830 |
| Trade receivables | 34,254 | 25,855 |
| Trade payables | 55,053 | 55,774 |
| | **35,399** | **23,911** |

The equity ratio came to 61% on 31 December 2015 (31 December 2014: 32%). The significant rise in the equity ratio is primarily a result of the proceeds from the IPO in May 2015 and the associated conversion of the former shareholder loan of UHM into equity (see note 21, 22 and 27).

### 31.2. Objectives of the management of financial risks

In the course of its operations the Group is exposed to a range of financial risks. These comprise the market risk (including the currency risk, interest-induced fair value risks, and market price risks), credit risks and liquidity risks. — The Group attempts to minimise the impact of individual risks using derivative financial instruments. The Group does not enter into any financial instruments for speculative purposes, including derivative financial instruments.

### 31.3. Market risk

The activities of the Group expose it to financial risks that primarily consist of changes in exchange rates, interest rates and commodity prices. The Group enters into derivative financial instruments to manage its existing interest, exchange and price risks. These include:

- Interest swaps to minimise the risk of rising interest rates
- Forward exchange contracts to hedge against currency risks arising from payments made in foreign currency to the local payees of the Polish entities. The Polish production entity, UNIWHEELS Production (Poland) Sp. z o.o. uses EUR as its functional currency. In addition, there are transactions to hedge the foreign exchange exposures for purchases of raw materials which are traded in USD.
- Commodity derivatives (aluminium) are used to hedge against price risks arising from the purchase of commodities.

There were no changes in the nature or methods of risk management in comparison to the prior year.

### 31.4. Management of currency risks

Certain transactions in the Group are denominated in foreign currency. This results in risks from fluctuations in exchange rates. Currency risks are managed by means of forward exchange contracts used in the framework of economic hedges. The Group has a significant subsidiary in Poland, UNIWHEELS Production Poland Sp. z o.o. The functional currency of the subsidiary is the euro (EUR) as the most significant transactions (purchases, sales, etc.) are concluded in euro. The Group hedges against exchange rate fluctuations of the manufacturing entity in Poland by entering into forward exchange transactions to cover the wages, energy bills, freight costs, etc. on a monthly basis. The derivatives are entered into monthly on the basis of the budget. — Wheels are sometimes purchased and resold in the Accessory business. These transactions are conducted in USD. Consequently, the Group makes forward purchases of USD. Furthermore, forward exchange agreements are entered into for USD to create an economic hedge for purchases of aluminium, which are denominated in USD. As of the reporting date, USD contracts with a face value of USD 2,378k were still open (31 December 2014: USD 14,300k).

**SENSITIVITY ANALYSIS FOR CURRENCY RISKS** The Group is exposed to exchange rate changes with regard to the Polish zloty and the US dollar. — The following table presents the impact of a 10% rise or fall in the exchange rate between EUR and PLN and USD from a Group perspective. The sensitivity analysis only includes outstanding monetary items denominated in foreign currency, and adjusts the currency translation as at the end of the period to account for a 10% change in the exchange rate. The sensitivity analysis only includes the forward exchange derivatives carried on the reporting date. A positive number below indicates a rise in net profit or equity if the euro rises by 10% against the respective currency. If the euro falls by 10% against the respective currency, this has a comparable impact on the net profit for the year or equity. Thus the following figures would be negative.

| EUR k | 2015 | 2014 |
|---|---|---|
| EUR +10% against PLN | 10,226 | 9,911 |
| EUR +10% against USD | 200 | 433 |

**FORWARD EXCHANGE CONTRACTS** The following table describes forward exchange contracts in detail as of the reporting date:

## OUTSTANDING FORWARD EXCHANGE CONTRACTS

| | Average exchange rate | | Face value in foreign currencies FC k | | Face value in EUR k | |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| **Buys PLN** | | | | | | |
| less than 3 months | 4.29 | 4.22 | 88,047 | 89,197 | 20,500 | 21,150 |
| 3 to 6 months | 4.31 | 4.23 | 92,579 | 85,979 | 21,500 | 20,350 |
| 6 to 9 months | 4.22 | 4.24 | 118,981 | 52,808 | 28,200 | 12,450 |
| 9 to 12 months | 4.19 | 4.26 | 73,272 | 44,704 | 17,500 | 10,500 |
| more than 12 months | 4.35 | 4.28 | 63,125 | 154,084 | 14,500 | 36,000 |
| | | | **436,004** | **426,772** | **102,200** | **100,450** |
| **Buys USD** | | | | | | |
| less than 3 months | 1.06 | 1.25 | 699 | 1,430 | 661 | 1,144 |
| 3 to 6 months | 1.06 | 1.25 | 647 | 4,290 | 611 | 3,431 |
| 6 to 9 months | 1.06 | 1.25 | 875 | 4,290 | 825 | 3,428 |
| 9 to 12 months | 1.06 | 1.25 | 157 | 4,290 | 147 | 3,425 |
| | | | **2,378** | **14,300** | **2,244** | **11,428** |

The corresponding fair values of the forward exchange transactions can be found in notes 19 and 27.

## 31.5. Management of interest risks

The Group is exposed to interest rate risks as Group entities have taken out borrowings at variable interest rates. The risk is managed by the Group using payer swaps to secure a fixed interest rate in the mid-term. —— The interest risk inherent in financial assets and financial liabilities carried by the Group is described in the section on liquidity risks.

**SENSITIVITY ANALYSIS TO INTEREST RISKS** The sensitivity analyses presented below were calculated based on the interest exposures of derivatives and non-derivative instruments as of the closing dates of the reporting period. For floating-rate liabilities, the analysis was prepared as if the amount of the liability outstanding as of the end of the reporting period had been outstanding for the whole year. A rise or a fall of 50 base points in the interest rate has been assumed for the purposes of the analysis. This reflects management's assessment of a reasonably possible change in interest rates. —— If the interest rates had been 50 base points higher/lower, with all other variables held constant, the profit of the Group for the fiscal year ended 31 December 2015 would have decreased/increased by EUR 216k and other comprehensive income by EUR 442k (2014: decrease/increase of the profit for the year by EUR 362k; decrease/increase of other comprehensive income by EUR 2k). This is primarily due to interest risks from the Group taking out borrowings at floating rates.

**INTEREST SWAPS** In an interest swap the Group exchanges fixed and floating interest payments that were calculated on the basis of agreed nominal amounts. Such agreements allow the Group to mitigate the impact of changing interest rates on the fair value of the fixed interest debt instruments carried by the Group and the cash flow risks associated with floating rate debt instruments. The fair value of interest swaps on the balance sheet date is determined by discounting future cash flows using the interest curves published on the reporting date and the credit risks associated with the contracts entered into. The present value is presented below. The average interest rate is based on the amounts outstanding at the end of the fiscal year. —— Since 2014 interest swaps have been designated as cash flow hedges whose underlying cash flows will be seen in the reporting periods up to and including 2019. The impact on profit or loss will therefore arise in the reporting periods up to and including 2019. —— The following table presents the face values and residual terms of outstanding interest swaps at the end of the period:

### OUTSTANDING "RECEIVE-FLOATING-PAY-FIXED-SWAPS"

| | Average fixed interest rate agreed on % | | Face value EUR k | | Fair value EUR k | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| 1 to 5 years | 0.29 | 0.29 | 43,125 | 48,625 | –372 | –192 |
| | | | **43,125** | **48,625** | **–372** | **–192** |

The interest swaps are settled on a quarterly basis. The variable interest rate of the interest swaps is the three-month EURIBOR. The Group settles the difference between the fixed and variable interest rates on a net basis. In 2015, there were no reclassifications from other comprehensive income to profit or loss.

### 31.6. Commodity price risks

The most significant commodity used in production by the UNIWHEELS Group is aluminium. In this regard, UNIWHEELS enters into long-term supply contracts with aluminium suppliers. UNIWHEELS purchases most of the aluminium it needs for production via long-term master supply agreements. The price is subject to fluctuation as aluminium is traded on public exchanges (LME price). To minimise the risks and create greater planning certainty and control over the budget, UNIWHEELS secures the purchase prices for aluminium by means of various swaps.

**SENSITIVITY ANALYSIS** The following table presents the impact of a 10% rise or fall in the price of aluminium from a Group perspective. The sensitivity analysis only includes the derivatives carried on the reporting date. A positive number below indicates a rise in net profit if the price of aluminium rises by 10%. If the price falls by 10%, this will have a comparable impact on net profit for the year. Thus the following figures would be negative.

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Profit/loss for the year and equity | 1,263 | 737 |

**ALUMINIUM SWAPS** The positive and negative market values for commodity swaps can be found in notes 19 and 27. The nominal volume (supply volumes) of the forwards in place as of the reporting date amounts to 9,100 t (31 December 2014: 4,800 t). All derivatives carried as of the respective reporting date had a residual term of less than one year.

## 31.7. Management of credit risks

Credit risk is understood as the risk of a loss for the Group if a contractual party fails to fulfil its contractual obligations. The Group guidelines require business to be solely conducted with contractual partners with suitable credit ratings in order to minimise the risk of counterparty default. — Counterparties in the Automotive business generally enjoy investment grade ratings. Thus thought is only given to reducing business volume when the counterparty is downgraded or there are indications of an imminent downgrading. — Trade receivables in the Accessory business comprise a large number of customers. The Group has issued a guideline on issuing credit to customers by which any unsecured delivery of goods requires a credit rating beforehand and, if certain sales thresholds are reached, credit insurance as well. — Trade receivables comprise amounts that are past-due as of the reporting date but for which the Group has not established any doubtful debt allowances (see below for more information on the age structure). This is due to the fact that the credit ratings had not changed significantly and the collection of the outstanding amounts is considered to be unproblematic.

### AGE STRUCTURE OF PAST-DUE RECEIVABLES BUT NOT IMPAIRED

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Less than 30 days | 7,780 | 6,033 |
| 30 to 60 days | 429 | 240 |
| 61 to 90 days | 631 | 11 |
| 91 to 180 days | 18 | 34 |
| More than 180 days | 173 | 300 |
| | **9,031** | **6,618** |
| Average days past due | 21 | 16 |

### AGE STRUCTURE OF IMPAIRED RECEIVABLES

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Less than 30 days | 130 | 6,819 |
| 30 to 60 days | 0 | 11 |
| 61 to 90 days | 57 | 115 |
| 91 to 180 days | 54 | 758 |
| More than 180 days | 1,541 | 115 |
| | **1,782** | **7,818** |

The risk of counterparty default with regard to cash equivalents and derivative financial instruments is low as the counterparties are banks with excellent credit ratings issued by internal rating agencies.

**Collateral received and other measures to mitigate credit risks** The Group does not have any collateral or other measures to mitigate credit risk from financial assets.

### 31.8. Management of liquidity risks

In the final instance, responsibility for managing liquidity risks lies with the management, which has installed a suitable concept for managing short-term, mid-term and long-term financing and cash requirements. The Group steers its cash requirements on the basis of a rolling 13-week weekly cash flow projection at the level of the separate entities and also at Group level. This involves comparing the cash flow projections to actual weekly developments and harmonising the profile of due dates of financial assets and financial liabilities and steering utilisation of the credit facility.

**Liquidity and interest risk tables:** The following tables show the contractually agreed residual terms of non-derivative financial liabilities carried by the Group. The tables are based on undiscounted cash flows from financial liabilities based on the earliest date on which the Group is obliged to pay debt service. The tables consider both interest payments and redemptions of principal. If interest payments are based on variable inputs, the undiscounted amount was measured using the interest curves published on the reporting date.

| EUR k | Less than 1 year | 1–5 years | More than 5 years | Total |
|---|---|---|---|---|
| **31 Dec 2015** | | | | |
| Liabilities from finance leases | 3,112 | 2,250 | 0 | 5,362 |
| Floating-rate instruments (Term loan A) | 5,823 | 38,594 | 0 | 44,417 |
| Fixed-rate instruments | 3,820 | 12,476 | 0 | 16,296 |
| Trade payables and other financial liabilities | 44,341 | 0 | 0 | 44,341 |
| | **57,096** | **53,320** | **0** | **110,416** |

| EUR k | Less than 1 year | 1–5 years | More than 5 years | Total |
|---|---|---|---|---|
| **31 Dec 2014** | | | | |
| Liabilities from finance leases | 3,492 | 5,322 | 0 | 8,814 |
| Floating-rate instruments (Term loan A) | 34,571 | 46,250 | 0 | 80,821 |
| Fixed-rate instruments | 0 | 29,348 | 0 | 29,348 |
| Trade payables and other financial liabilities | 42,022 | 14,331 | 0 | 56,353 |
| | **80,085** | **95,251** | **0** | **175,336** |

The following table shows an analysis of the Group's liquidity in relation to derivative financial instruments. The table is based on the undiscounted net cash outflows aggregated for the respective year for derivative financial instruments.

| EUR k | Less than 3 months | From 3 months to 1 year | 1–5 years | Total |
|---|---|---|---|---|
| **31 Dec 2015** | | | | |
| Interest swaps | –32 | –89 | –236 | –357 |
| | **–32** | **–89** | **–236** | **–357** |
| **31 Dec 2014** | | | | |
| Interest swaps | –26 | –74 | –262 | –362 |
| | **–26** | **–74** | **–262** | **–362** |

## 31.9. Fair value measurement

This note explains how the Group measures the fair value of its financial assets and liabilities. Beyond this, the carrying amounts and fair values of the various financial assets and financial liabilities are presented in accordance with IFRS 7. This summarises the significance of the financial instruments for the Group.

### FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES THAT ARE REGULARLY REMEASURED AT FAIR VALUE

A number of the financial assets and liabilities carried by the Group are measured at fair value on the reporting date. The following table contains information on how the fair value of these financial assets and liabilities is measured (including the measurement methods and input parameters). — Due to the fact that the Banks enjoy excellent credit ratings, no credit value adjustments were recorded on grounds of immateriality. The Group's own rating has been considered in the measurement of its own liabilities by factoring in the Group's own risk premium.

### FINANCIAL ASSETS / FINANCIAL LIABILITIES

| | Fair value | | |
|---|---|---|---|
| | 31 Dec 2015 | 31 Dec 2014 | Hierarchy |
| 1) Forward exchange contracts (see notes19 and 27) | Assets: EUR 743k | Assets: EUR 38k | Level 2 |
| | Liabilities: EUR 663k | Liabilities: EUR 1,380k | |
| 2) Interest swaps (see note 27) | Liabilities: EUR 372k | Liabilities: EUR 192k | Level 2 |
| 3) Commodity swaps (see note 19 and 27) | Assets: EUR 0k | Assets: EUR 49k | Level 2 |
| | Liabilities: EUR 654k | Liabilities: EUR 0k | |

No transfers were made between level 1 and 2 in the reporting period.

**FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES THAT ARE NOT REGULARLY REMEASURED AT FAIR VALUE BUT WHICH NEED TO BE DISCLOSED AT FAIR VALUE** Apart from the instruments depicted in the following table, management believes the carrying amount of financial assets and liabilities in the statement of financial position is a close approximation of fair value.

| EUR k | 31 Dec 2015 Carrying amount | 31 Dec 2015 Fair value | 31 Dec 2014 Carrying amount | 31 Dec 2014 Fair value |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Financial liabilities measured at amortised cost | | | | |
| - Bank loans | 42,392 | 41,519 | 42,585 | 47,719 |
| - Loans from affiliates | 0 | 0 | 24,734 | 26,112 |
| **Total** | **42,392** | **41,519** | **67,319** | **73,831** |

| Valuation techniques and significant inputs | Significant inputs not observable on an active market | Ratio of non-observable inputs to fair value |
|---|---|---|
| Discounted cash flow method: future cash flows estimated on the basis of forward rates (observable on the reporting date) and agreed forward exchange rates and discounted using interest curves published on the reporting date | n/a | n/a |
| Discounted cash flow method: future cash flows estimated on the basis of forward interest rates (observable interest curves on the reporting date) and agreed forward interest rates and discounted using interest curves published on the reporting date | n/a | n/a |
| Discounted cash flow method: future cash flows estimated on the basis of forward prices (observable commodity prices on the reporting date) and agreed forward prices and discounted using interest curves published on the reporting date | n/a | n/a |

**31 DEC 2015**

| EUR k | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Financial liabilities measured at amortised cost | | | | |
| - Bank loans | 0 | 41,519 | 0 | 41,519 |
| - Loans from affiliates | 0 | 0 | 0 | 0 |
| **Total** | **0** | **41,519** | **0** | **41,519** |

**31 DEC 2014**

| EUR k | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Financial liabilities measured at amortised cost | | | | |
| - Bank loans | 0 | 47,719 | 0 | 47,719 |
| - Loans from affiliates | 0 | 26,112 | 0 | 26,112 |
| **Total** | **0** | **73,831** | **0** | **73,831** |

The fair value of the above level 2 financial assets and liabilities has been determined in accordance with the discounted cash flow method which is widely accepted. A key input in the valuation is the discount rate. Allocation to the various levels in 2015 has not changed on the treatment in the prior year.

## 32. ADDITIONAL NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the purposes of the consolidated cash flow statement, cash and cash equivalents include cash on hand and bank balances with a term of less than three months upon conclusion of the contract. — In 2014, the bank accounts of certain entities of the UW AG Group were pledged as collateral to secure a loan facility (EUR 20,738k). With the renegotiation of the loan agreement dated 27 November 2015, this pledge was revoked. — In the past fiscal year, the Group entered into finance leases totalling EUR 0k (2014: EUR 2,091k) which are presented under other non-cash expenses and income. — Further, the former shareholder loan of UHM of EUR 24.7 million was converted into equity in the fiscal year without any impact on cash (see note 22).

## 33. OTHER RISKS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Various Group entities have performed off-balance-sheet transactions in the form of factoring. As of 31 December 2015, receivables of EUR 12,555k (31 December 2014: EUR 14,346k) were not recorded on the face of the statement of financial position. Risks for the Company relate to the existing retention of receivables, which amounts to 10% of the factored receivables. In addition, there are factoring fees which are charged on to the Group entities. — In Poland, the Company conducts its activity in the special economic zone of Stalowa Wola which provides economic benefits, particularly in the form of tax credits. Approval for exercising economic activity in the zone is tied to certain conditions primarily related to the amount of capital expenditure and the size of the headcount. However, the Company does not see any indication for it not meeting these conditions. However, if one of the conditions for the operating license is breached, the Company risks losing the benefits associated with doing business in the special economic zone (see the section on deferred taxes).

## 34. OPERATING LEASES

LEASES Operating leases primarily comprise leases for vehicles and office equipment and have terms of three to five years. Moreover, there are also leases for buildings, particularly the logistics centre in Bad Dürkheim. The most significant portion of the future minimum lease obligations results from the lease for this building which includes a progressive rent over a lease term of 25 years expiring in 2027. There is no option to prolong the lease but it is equipped with a purchase option exercisable upon termination. The Group does not carry any onerous leases or lease incentive agreements.

PAYMENTS RECORDED AS EXPENSES

| EUR k | 2015 | 2014 |
|---|---|---|
| Minimum lease payments | 3,824 | 3,857 |
| | **3,824** | **3,857** |

NON-CANCELLABLE LEASES

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| Less than 1 year | 2,148 | 2,293 |
| Between 1 and 5 years | 5,963 | 6,486 |
| More than 5 years | 8,010 | 9,720 |
| | **16,121** | **18,499** |

## 35. RELATED PARTY TRANSACTIONS

Related parties as defined by IAS 24 (Related Party Disclosures) are legal or natural persons who can exercise significant influence or control over UNIWHEELS AG and its subsidiaries or who are subject to significant influence or control by UNIWHEELS AG or its subsidiaries. These primarily include the parent company, UNIWHEELS Holding (Malta) Ltd., and its subsidiaries that do not belong to the consolidated group of UW AG. In addition, Rasch Holding Ltd. can exercise influence over UNIWHEELS AG via its 93.5% holding in UNIWHEELS Holding (Malta) Ltd. —— Inter-company balances and transactions between the Company and its subsidiaries that also qualify as related parties are eliminated in the course of consolidation and are not disclosed in this note. Details on the transactions between the Group and other related parties are disclosed below.

### a) Transfers of goods and services

In the course of the fiscal year, the Group entities carried out the following transactions with related parties which do not belong to the Group:

| | Sale of goods and services | | Purchase of goods and services | |
|---|---|---|---|---|
| EUR k | 2015 | 2014 | 2015 | 2014 |
| UNIWHEELS Holding (Malta) Ltd. | 10 | 6 | 4,384 | 2,507 |
| Subsidiaries of UNIWHEELS Holding (Malta) Ltd. | 188 | 700 | 397 | 81 |
| Other related parties in the Rasch Group | 4 | 13 | 0 | 2,203 |

The following balances were outstanding at the end of the reporting period:

**TRADE AND OTHER RECEIVABLES**

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| UNIWHEELS Holding (Malta) Ltd. | 1 | 3 |
| Subsidiaries of UNIWHEELS Holding (Malta) Ltd. | 375 | 440 |
| Other related parties in the Rasch Group | 2 | 29 |

**TRADE PAYABLES AND OTHER LIABILITIES**

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| UNIWHEELS Holding (Malta) Ltd. | 14,889 | 15,134 |
| Subsidiaries of UNIWHEELS Holding (Malta) Ltd. | 181 | 28 |
| Other related parties in the Rasch Group | 0 | 172 |

The balances outstanding at the end of the period are not secured, bear no interest and are settled in cash. No guarantees are issued or received in this regard. No bad debts or doubtful debts were recorded with related parties in the reporting year or the prior year. — The services purchased from UNIWHEELS Holding (Malta) Ltd. consist primarily of financial services (accounting and controlling), legal counsel, human resources and management issues, translation work, technical assistance with production, administration and strategic management.

### b) Loans and borrowings from or to related parties

The following borrowings were granted to the Group:

**LOANS AND BORROWINGS FROM RELATED PARTIES**

| EUR k | 31 Dec 2015 | 31 Dec 2014 |
|---|---|---|
| UNIWHEELS Holding (Malta) Ltd. | 0 | 24,734 |

In 2015, the former shareholder loan of UHM at a market interest was converted into equity. Consequently, the Company no longer reports loan liabilities to related parties as of 31 December 2015.

| | Interest income | | Interest expense | |
|---|---|---|---|---|
| EUR k | 2015 | 2014 | 2015 | 2014 |
| UNIWHEELS Holding (Malta) Ltd. | 0 | 0 | 1,327 | 1,598 |
| Subsidiaries of UNIWHEELS Holding (Malta) Ltd. | 262 | 391 | 202 | 274 |
| Other related parties in the Rasch Group | 0 | 0 | 0 | 312 |

## c) Compensation paid to key employees

Key employees comprise the managing directors of the individual Group entities. These individuals received the following emoluments in the fiscal year:

### COMPENSATION PAID TO KEY EMPLOYEES

| EUR k | 2015 | 2014 |
|---|---|---|
| Compensation paid to management | 2,421 | 1,498 |
| *of which:* | | |
| *Short-term benefits* | *1,973* | *1,453* |
| *Long-term benefits* | *65* | *0* |
| *Post-employment benefits* | *271* | *45* |
| *Share-based compensation* | *112* | *0* |

In 2015, compensation paid to the Management Board of UW AG amounted to EUR 557k. — The long-term benefits include long-term bonuses. These are measured on the business value or market capitalisation for fiscal years 2015 to 2017 and 2018 and the net debt ratio of the Company (as reported in the consolidated financial statements). In the case of one member of the Management Board, 50% will only be paid out when the business value in 2018 is not more than 10% lower than the average business value in fiscal years 2015 to 2017. In 2015 a provision of EUR 65k was recorded through profit or loss corresponding to the fair value at the time the bonuses were granted. — The Management Board of UW AG received phantom stock in 2015 involving 1,938 shares which, from 2016 onwards, result in an annual cash compensation corresponding to the earnings per share as long as the phantom stock is held. The phantom stock can be sold within ten years and the maximum payable cash compensation from the sale of the phantom stock is limited to contractually specified amounts dependent on the duration of the holding. In 2015, a provision of EUR 112k was recorded through profit or loss corresponding to the fair value at the time the bonuses were granted. — By resolution of the annual general meeting dated 10 April 2015, the compensation paid to the individual members of the Management Board is not disclosed. Please refer to the compensation report for more comments. — With respect to the compensation of the Management Board, UW AG, as a non-listed company, made use of the protective clause pursuant to Sec. 286 (4) HGB in 2014.

### d) Compensation paid to the Supervisory Board

The compensation of members of the Supervisory Board amounted to EUR 151k in the reporting year (2014: EUR 68k).

## 36. EMPLOYEES

The average headcount breaks down as follows:

| EUR k | 2015 | 2014 |
|---|---|---|
| Salaried employees | 369 | 340 |
| Wage earners | 2,170 | 2,026 |
| | **2,539** | **2,366** |

## 37. AUDITOR'S FEES

The fees for the services rendered by the independent auditor, Ebner Stolz GmbH & Co. KG, break down as follows:

| EUR k | 2015 | 2014 |
|---|---|---|
| Audit services | 225 | 197 |
| Other attestation services | 74 | 144 |
| Other services | 14 | 7 |
| | **313** | **348** |

## 38. CORPORATE BOARDS

The members of the Management Board of UNIWHEELS AG are:

- Ralf Schmid (CEO and Chairman of the Management Board of the UNIWHEELS Group until 21 January 2016), Swieqi, Malta
- Dr. Thomas Buchholz (Chief Automotive Officer and Deputy Chairman of the UNIWHEELS Group from 10 August 2015 to 20 January 2016; Chairman of the Management Board since 21 January 2016), Leimen
- Dr. Karsten Obenaus (CFO of the UNIWHEELS Group), Neustadt Weinstraße

The members of the Supervisory Board of UNIWHEELS AG are:

- Ralf Schmid (entrepreneur), Swieqi, Malta (member and Chairman of the Supervisory Board since 21 January 2016)
- Dr. Wolfgang Baur (business consultant), Stuttgart (Deputy Chairman of the Supervisory Board)
- Michael Schmid (technician), Swieqi, Malta
- Beata Olejnik (managing director of UHM), Sliema, Malta (member and Chairperson of the Supervisory Board until 20 January 2016)

The Company is represented jointly by two Management Board members or by one Management Board member together with one person holding power of attorney.

## 39. DECLARATION OF CONFORMITY

The declaration of conformity pursuant to Sec. 161 AktG with respect to the recommendations of the German Corporate Governance Code published by a commission of the Federal Ministry of Justice has been issued by the Management Board and the Supervisory Board and published on the website of UNIWHEELS AG (www.uniwheels.com). It is thus permanently available to the general public. It is part of the declaration on corporate governance pursuant to Sec. 289a HGB.

## 40. USE OF SEC. 264 (3) HGB

The following subsidiaries included in these consolidated financial statements made use of the reporting exemption pursuant to Sec. 264 (3) HGB:

- ATS Leichtmetallräder (Germany) GmbH
- UNIWHEELS Leichtmetallräder (Germany) GmbH
- UNIWHEELS Automotive (Germany) GmbH
- UNIWHEELS Investment (Germany) GmbH
- UNIWHEELS OEM (Germany) GmbH

## 41. RATIFICATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Management Board on 10 March 2016 and released for publication.

UNIWHEELS AG
Bad Dürkheim, 10 March 2016

The Management Board

| | |
|---|---|
| **Dr. Thomas Buchholz** | **Dr. Karsten Obenaus** |
| Chairman of the Management Board | Chief Financial Officer |

# **Responsibility** Statement

We assure to the best of our knowledge that the consolidated financial statements in accordance with the applicable accounting principles and the principles of proper accounting give a true and fair view of the net assets, financial position and results of operations of the Group, that the Group management report presents the development of business, the results of operations and the situation of the Group in such a manner as to provide a true and fair view and that the main risks and opportunities of the expected development of the Group in the remaining fiscal year are described.

UNIWHEELS AG
Bad Dürkheim, 10 March 2016

The Management Board

**Dr. Thomas Buchholz**
Chairman of the Management Board

**Dr. Karsten Obenaus**
Chief Financial Officer

# Audit Opinion

We have audited the consolidated financial statements prepared by UNIWHEELS AG, Bad Dürkheim, – comprising the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes to the consolidated financial statements – and the group management report for the fiscal year from 1 January to 31 December 2015. The consolidated financial statements have been prepared in accordance with IFRS, as required to be applied in the EU and the provisions of [German] commercial law to be applied additionally pursuant to Sec. 315a (1) HGB are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit. — We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion. — Our audit has not led to any reservations. — In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is in agreement with the consolidated financial statements and presents a true and fair view of the situation of the Group and the opportunities and risks inherent in its future development.

Stuttgart, 10 March 2016

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

**Dr. Wolfgang Russ**
Wirtschaftsprüfer
(German Public Auditor)

**Thomas Epple**
Wirtschaftsprüfer
(German Public Auditor)

# Financial calendar

**24 Mar 2016**
PUBLICATION
ANNUAL REPORT 2015

**10 May 2016**
PUBLICATION
Q1 FINAL REPORT 2016

**19 May 2016**
ANNUAL GENERAL MEETING,
FRANKFURT AM MAIN

**10 Aug 2016**
PUBLICATION
H1 FINAL REPORT 2016

**09 Nov 2016**
PUBLICATION
9M FINAL REPORT 2016

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This annual report was compiled in close cooperation with the following corporate functions:
- Assistant to the CFO
- Compliance Office
- Group Marketing
- Corporate Accounting
- Risk Management

# Multi-Year Overview



## KEY FINANCIALS AT A GLANCE

| | | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Unit sales of wheels | thousand units | 7,822 | 7,228 | 6,871 | 6,367 |
| Sales | EUR k | 436,482 | 362,585 | 337,163 | 318,017 |
| EBITDA | EUR k | 58,674 | 45,874 | 38,252 | 23,030 |
| EBIT | EUR k | 43,917 | 31,686 | 23,572 | 10,143 |
| EBT | EUR k | 40,737 | 22,324 | 9,662 | 8,059 |
| Net profit for the year | EUR k | 40,686 | 22,770 | 13,248 | 12,980 |
| Interest expense | EUR k | 4,396 | 10,702 | 10,817 | 12,350 |
| Earnings per share (basic/diluted) | EUR per share | 3.52 | 2.28 | N/A | N/A |
| EBITDA margin | % | 13.4 | 12.7 | 11.3 | 7.2 |
| EBIT margin | % | 10.1 | 8.7 | 7.0 | 3.2 |
| EBT margin | % | 9.3 | 6.2 | 2.9 | 2.5 |
| Cash flow from operating activities | EUR k | 46,128 | 32,281 | 19,610 | 13,599 |
| Capital expenditures | EUR k | 42,280 | 14,759 | 7,202 | 19,901 |
| Equity ratio | % | 61.6 | 31.7 | 35.5 | 29.5 |
| Net debt | EUR k | 10,563 | 90,091 | 79,015 | 96,036 |
| Net debt/EBITDA | % | 0.2 | 2.0 | 2.1 | 4.2 |
| Return on capital employed | % | 20.4 | 20.8 | 17.2 | 6.9 |
| Average headcount | No. | 2,539 | 2,366 | 2,141 | 2,034 |

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